

PRIVATE PLACEMENT OFFERING MEMORANDUM

**YAYYO INC.**

A Delaware Corporation

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\$5,000,000

1,250,000 SHARES OF COMMON STOCK  
OFFERED AS AN INCENTIVE TO SECURED NOTEHOLDERS

Minimum Incentive Grant - \$5,000 Secured Note

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This offering of Securities has not been registered under the Securities Act of 1933, as amended, or approved or disapproved by the Securities and Exchange Commission or any securities regulatory authority of any state, nor has the Commission or any such authority passed upon the accuracy or adequacy of this Private Placement Memorandum (“Memorandum”). Any representation to the contrary is a criminal offense. This offering is made in reliance on an exemption from registration under the federal securities laws provided by Rule 506 of Regulation D of the rules and regulations promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and from qualification under applicable state securities laws

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This Memorandum is being submitted on a confidential basis solely for your use in connection with the private placement of securities described herein. This Memorandum does not constitute an offer to purchase or a solicitation of an offer to purchase the securities described herein in any state or other jurisdiction wherein, or to any person or entity to whom the offer or sale thereof would be prohibited. This Memorandum cannot be reproduced or redistributed without the prior written consent of YaYyo Inc. (“YaYyo” or “the Company”).

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August 10, 2017

**YaYyo, Inc.**

433 North Camden Drive, Suite 600  
Beverly Hills, California 90210  
(310) 926-2643

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**YaYyo, Inc.** ("YaYyo", or "Company,") was incorporated under the laws of the State of Delaware on June 21, 2016 for the purpose of development and eventual commercialization of one of the first single sign-on metasearch "ridesharing" applications (the "Service" or the "App") for smartphone users that provides price comparison and booking (as well as other functionalities currently being developed) of eventually all available ridesharing and taxi services along with select limousine and other public and/or private transportation services.

This Memorandum has been prepared on a confidential basis solely for the benefit of selected qualified investors in connection with the private placement of up to 1,250,000 shares of Common Stock. The shares are being offered in conjunction with a debt round of financing conducted by the Company's wholly-owned subsidiary, Distinct Cars LLC, wherein secured promissory note (the "Secured Note"), contains an incentive provision granting the note holder (the "Noteholder") an amount of Company shares of common stock equal to the principal of their respective Secured Note at \$4.00 per share. *(Example: a noteholder who executes a note for \$10,000.00 shall be granted 2,500 shares)*. The minimum amount loaned under the promissory note is \$5,000.00. The Company may, in its sole discretion, accept subscriptions for less than the minimum subscription price or quantity. The Company further reserves the right to reject any subscription by any investor. This offering will terminate on December 31, 2017 unless extended, in the sole discretion of the Company, to a later date ("the Sales Termination Date"). There is also no required minimum number of Shares to be sold in the Offering.

**NO ESCROW ACCOUNT HAS BEEN ESTABLISHED AND INVESTORS' FUNDS ARE TO BE PAID DIRECTLY TO THE COMPANY. AT THE TIME OF ITS SUBSCRIPTION, AN INVESTOR WILL NOT BE ABLE TO ASCERTAIN HOW MANY SHARES WILL BE PURCHASED BY OTHER INVESTORS.**

There is no trading market for our Shares and no assurance that a trading market will develop. Therefore, the Shares may not be readily transferable. Consequently, holders of the Shares may not be able to liquidate their investment in the event of emergency. Also, the Shares may not be readily accepted as collateral for loans. There is currently a Reg A public offering for the Company's Common Stock which ends on September 30, 2017, subject to extension for up to one hundred-eighty (180) days in the sole discretion of the Company; or (ii) the date on which the Maximum Offering is sold (in either case, the "Termination Date"). Shares sold pursuant to this Private Placement Offering are unrestricted. Shares are offered only to persons who meet the suitability standards set forth in this Memorandum.

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE PURCHASED ONLY BY PERSONS WHO MEET THE INVESTOR SUITABILITY STANDARDS AND WHO CAN AFFORD THE RISK OF LOSS OF THEIR ENTIRE INVESTMENT. (SEE "INVESTOR SUITABILITY STANDARDS" AND "RISK FACTORS.") THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Number of Sale Units	No. of Shares	Value per Share	Grant Share Value To Investors	Placement Agent Discounts and Commissions	Proceeds to Company
Per Sale Unit	1000	1,250,000	\$4.00	\$ 5,000.00	\$ 0	\$ 5,000,000.00

The Company reserves the right to reject any subscription by any investor. This offering will terminate on December 31, 2017 unless extended, in the sole discretion of the Company to a later date. ("Sales Termination Date").

The Shares are being offered subject to prior sale, allotment, acceptance, withdrawal, cancellation or modification of this offer. Any modification to the offering will be made by means of an amendment to this Memorandum, which amendment will provide to each prospective investor a right to re-elect whether to purchase the Units. The Company has reserved the right to withdraw or cancel this offering without notice and to reject any orders, in whole or in part, for the purchase of the Shares.

No person has been authorized to give any information or make any representation not contained in this Memorandum and the Exhibits hereto, and, if given or made, such representations must not be relied upon as having been authorized by the Company. No representation or warranty of any kind is intended or should be inferred with respect to the economic return, if any, which may accrue to investors herein. Prospective investors are not to construe the contents of this memorandum as legal, tax or investment advice. Each prospective investor should consult his own counsel, accountant and other advisors as to legal, tax and other related matters concerning investment in the Shares. The delivery of this Memorandum does not create any implication that there has not been any change in our affairs or prospects since the date of this Memorandum.

This Memorandum does not constitute an offer to sell or solicitation of an offer to buy any of the securities to any person in any jurisdiction or to any person in which or to whom such offer or solicitation is unlawful, or in any jurisdiction in which the person making the offer or solicitation is not qualified to do so.

This Memorandum has been prepared and submitted in connection with the private placement of Shares of Common Stock of the Company and may not be reproduced or used for any other purpose. Any distribution of this Memorandum, in whole or in part, or the divulgence of any of its contents, is unauthorized.

**By accepting delivery of this Memorandum, each recipient agrees to return this Memorandum and all other documents to the Company if the recipient does not agree to purchase any of the Shares or the Company does not accept the subscription.**

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### I. **SUMMARY OF THE OFFERING**

This summary highlights information contained elsewhere in this memorandum. You should read the entire Memorandum carefully because this summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum. All prospective investors should carefully review the entire contents of this Memorandum and the Exhibits attached hereto, individually and with their own tax, legal and business advisors. This Memorandum contains forward-looking statements and information that involve risks and uncertainties. Our actual results could differ materially from the results anticipated in these forward looking statements as a result of certain factors set forth under the caption “*Risk Factors*” elsewhere in this Memorandum.

The Company           The Company was formed on June 21, 2016 under the name “YayYo, LLC,” which was recently converted into a Delaware corporation pursuant to the unanimous written consent of our former manager and members in a transaction intended to be tax-free under the Internal Revenue Code (the “Conversion”). Pursuant to the Conversion, the members of YayYo, LLC have assigned, transferred, exchanged and converted their respective limited liability company membership interests of YayYo, LLC to the Company in exchange for common stock shares (“Common Stock”) of the Company. All of the YayYo, LLC’s liabilities and assets, including its intellectual property, were automatically transferred to the Company and the Company has assumed ownership of such assets and liabilities upon the filing of the “Certificate of Conversion from a Delaware Limited Liability Company to a Delaware Corporation” with the State of Delaware pursuant to Section 265 of the Delaware General Corporation Law. The Company now operates as a “C” corporation formed under the laws of the State of Delaware.

The Company was formed to develop and commercialize one of the first single sign-on metasearch “ridesharing” applications (the “Service” or the “App”) for smartphone users that provides price comparison and booking (as well as other functionalities currently being

developed) of eventually all available ridesharing and taxi services along with select limousine and other public and/or private transportation services.

Our mailing address is YayYo, Inc., 633 North Camden Drive, Suite 600, Beverly Hills, California 90210 and our telephone number is (310) 926-2643. Our website address is www.yayyo.com. The information contained therein or accessible thereby shall not be deemed to be incorporated into this Memorandum.

## The Business of the Company

Our business strategy is focused on two areas: (1) the development and eventual commercialization of one of the first single sign-on metasearch “ridesharing” applications (the “Service” or the “App”) for smartphone users that provides price comparison and booking (as well as other functionalities currently being developed) of eventually all available ridesharing and taxi services along with select limousine and other public and/or private transportation services; and 2) Short-term rental of vehicles to rideshare drivers using a fleet of vehicles leased by the Company for this specific purpose.

### The App

Our App is expected to provide a “Kayak-style” metasearch experience for the ridesharing world by enabling real-time transportation quotes and comparison options as well as a seamless, multiservice provider-booking application. With our App, users only have to sign up for an app one time and instantly gain the benefit of mobile, one-tap order efficiency from a growing list of popular on demand ridesharing services. Users will be able to request the most affordable ride (“Yay!”) and the Company will ensure the correct car arrives every time (“Yo!”). Our App will handle all the necessary customer support and accounts for rider pain-points such as surge pricing while offering comparison shopping which will enable the user to compare quotes among the available ridesharing services. Furthermore, we intend to provide every rider with an engaging, geo-relevant entertainment experience including additional cost saving benefits and relevant information and offerings to users.

We are currently developing a consolidated quote retrieval platform with a merchant processing layer through application program interfaces (“APIs”) with existing ridesharing platforms, and are reliant upon securing partnership agreements with the ridesharing services, such as Uber, Lyft, Via, Curb, Flywheel, Gett, Juno, Hailo and Didi, among others. Many of these platforms do not offer direct or complete API access; thus, the technical barrier to entry is steep. We are developing and the creating our own proprietary APIs and Android virtualization technology. We anticipate that our App will be fully capable of remotely and autonomously operating ridesharing user accounts on behalf of YayYo users – the first single-sign-on solution for the growing ridesharing & transportation economy.

We believe ridesharing has changed the way the world commutes and is quickly becoming the preferred way to travel. It’s convenient and it’s great to not have to worry about how you’re getting somewhere. Traditionally, most users want the best price and the most convenient pickup but toggling between multiple apps to get the price or pickup time they want is an unnecessary stress to what was supposed to be a life convenience. We believe we are positioned to solve this problem for end users. By creating a single YayYo account users will be able to travel with any service provider in the App, and users will get the benefit of real time pricing, arrival times, and will be able to filter out what they want and don’t want in the results with a click of a button.

### Short-Term Rental of Vehicles to Rideshare Drivers

In August of 2017, the Company an additional another revenue model to its existing business plan. The Company created a subsidiary, Distinct Cars LLC (“Distinct Cars”), that expands business opportunities in the ridesharing space. Distinct Cars owns and maintains a fleet of new

cars through leasing which are made available as short-term rentals to rideshare drivers.

#### The Offering

The Company is offering a maximum of \$1,250,000 shares calculated at \$4.00 per share offered as a matching incentive to purchasers of a secured promissory note, to persons who meet suitability standards set forth in this Memorandum. See, Investor Suitability Standards. This Offering will not be sold on a Minimum/Maximum basis. **All sales will be to accredited investors only.** There is also no required minimum number of Shares to be sold in the Offering. **NO ESCROW ACCOUNT HAS BEEN ESTABLISHED AND INVESTORS' FUNDS ARE TO BE PAID DIRECTLY TO THE COMPANY. AT THE TIME OF SUBSCRIPTION, AN INVESTOR WILL NOT BE ABLE TO ASCERTAIN HOW MANY SHARES WILL BE PURCHASED BY OTHER INVESTORS.**

The shares are being offered in conjunction with a debt round of financing conducted by the Company's wholly-owned subsidiary, Distinct Cars LLC, wherein secured promissory note (the "Secured Note"), contains an incentive provision granting the note holder (the "Noteholder") an amount of Company shares of common stock equal to the principal of their respective Secured Note at \$4.00 per share. (*Example: a noteholder who executes a note for \$10,000.00 shall be granted 2,500 shares*). The minimum amount loaned under the promissory note is \$5,000.00. The Company may, in its sole discretion, accept subscriptions for less than the minimum subscription price or quantity. The Company further reserves the right to reject any subscription by any investor. This offering will terminate on December 31, 2017 unless extended, in the sole discretion of the Company, to a later date ("Sales Termination Date"). There is also no required minimum number of Shares to be sold in the Offering.

#### Use of Proceeds

The proceeds from this offering, estimated to be a maximum of \$5,000,000 if all offered shares are granted with the secured notes, will be used for marketing & customer acquisition incentives, research & development, professional services, SG&A expenses and working capital and miscellaneous operating expenses **If only a minimum number of Sale Units are sold, the proceeds from this offering will only be sufficient to accomplish a limited scope of the above tasks unless additional funds are raised.** See "RISK FACTORS," "SOURCE AND ESTIMATED USE OF PROCEEDS," and "THE BUSINESS OF THE COMPANY."

#### Risk Factors

Purchase of Shares by an investor is speculative, involves a high degree of risk, and is suitable only for accredited investors who have financial resources sufficient to enable them to maintain an investment, which has little or no liquidity. There is no trading market for our Shares and no assurance that a trading market will develop. Therefore, the Shares may not be readily transferable and may be subject to restrictions on transfer and are only suitable for those who are able to bear the risk of loss of their entire investment. See "INVESTOR SUITABILITY," and "RISK FACTORS."

#### Suitability Standards

An investment in the securities offered by this Memorandum is suitable only for the sophisticated investor who has such business and financial experience that such investor is capable of evaluating the merits and risks of an investment in the Company and of protecting his/her/its interest in the transaction. See "INVESTOR SUITABILITY STANDARDS."

## II. BUSINESS OF THE COMPANY

### A. Organization Overview

YayYo, Inc., a Delaware corporation (the "Company," "YayYo," "we," "us" and "our"), is a start-up company that intends to engage in the development and eventual commercialization of one of the first metasearch "ridesharing" applications (the "Service" or the "App"). The Company was originally established as a Delaware limited liability company on June 21, 2016 under the name "YayYo, LLC," which was recently converted into a Delaware corporation pursuant to the unanimous written consent of our former manager and members in a transaction intended to be

tax-free under the Internal Revenue Code (the “Conversion”). Pursuant to the Conversion, the members of YayYo, LLC have assigned, transferred, exchanged and converted their respective limited liability company membership interests of YayYo, LLC to the Company in exchange for common stock shares (“Common Stock”) of the Company. All of the YayYo, LLC’s liabilities and assets, including its intellectual property, were automatically transferred to the Company and the Company has assumed ownership of such assets and liabilities upon the filing of the “Certificate of Conversion from a Delaware Limited Liability Company to a Delaware Corporation” with the State of Delaware pursuant to Section 265 of the Delaware General Corporation Law. The Company now operates as a “C” corporation formed under the laws of the State of Delaware. The Company has elected its fiscal year end to be December 31st.

## B. Business Strategy

### 1. Metasearch “Ridesharing” Applications

Our business strategy is focused on the development and eventual commercialization of one of the first single sign-on metasearch “ridesharing” applications (the “Service” or the “App”) for smartphone users that provides price comparison and booking (as well as other functionalities currently being developed) of eventually all available ridesharing and taxi services along with select limousine and other public and/or private transportation services. Our App, when fully developed, is expected to offer all the convenience a user would expect plus unique benefits and conveniences not available from the most common ridesharing applications or taxi services alone. Set forth below is a list of the expected benefits that the App will provide to end users once the App is fully developed:

- Single sign-on across all ridesharing service platforms
- Complete access to your transportation needs in a single application
- Transparent interface with ride service providers allowing users access all available features
- Lowest available price guarantee
- Complete access; assure service in a city not serviced by traditional ridesharing companies
- Diverse payment options including credit cards, debit cards and PayPal®
- User loyalty rewards program
- Exclusive coupons and other offers based on users’ routes
- SOS feature
- Enterprise Program

Our App is expected to provide a “Kayak-style” metasearch experience for the ridesharing world by enabling real-time transportation quotes and comparison options as well as a seamless, multiservice provider-booking application. With the YayYo mobile App, users only have to sign up for an app one time and instantly gain the benefit of mobile, one-tap order efficiency from a growing list of popular on demand ridesharing services. Users will be able to request the most affordable ride (“Yay!”) and we intend to ensure the correct car arrives every time (“Yo!”). Our App will handle all the necessary customer support and accounts for rider pain-points such as surge pricing while offering comparison shopping which will enable the user to compare quotes among the available ridesharing services. Furthermore, we intend to provide every rider with an engaging, geo-relevant entertainment experience including additional cost saving benefits and relevant information and offerings to users.

We are currently developing a consolidated quote retrieval platform with a merchant processing layer through application program interfaces (“APIs”) with existing ridesharing platforms, and are reliant upon securing partnership agreements with the ridesharing services, such as Uber, Lyft, Via, Curb, Flywheel, Gett, Juno, Hailo and Didi, among others. Many of these platforms do not offer direct or complete API access; thus, the technical barrier to entry is steep. We are developing and the creating our own proprietary APIs and Android virtualization technology. We anticipate that our App will be fully capable of remotely and autonomously operating ridesharing user accounts on behalf of YayYo users the first single-sign-on solution for the growing ridesharing & transportation economy.

Our App is expected to function like a travel assistant. We intend to change the way users commute by doing the work and research for them. By setting their preferences in their profile when they download our App, our App will book rides for users that are filtered to match each user’s preferences. Users won’t have to search or open multiple apps to see if they’re getting the best possible deal. Our App is being designed to do this work for each user. If a user wants the cheapest ride every time, the App will book that the cheapest ride available for them. If a user wants the ride

closest to the user at any given point in time, the App will book the user's ride based on what is closest to that particular user instead. Our App is being designed to make things easier for all users and give users the peace of mind knowing that they are saving money while getting them where they need to go based on the criteria set by each user.

What makes our App different from other existing apps in the ridesharing industry is that we approached the development of the App from a user's perspective by focusing and aggregating the user's favorite ways of commuting, and integrated that functionality into the App's technology, while making the App simple to navigate. By leveraging elements that most users are already familiar with, our App gives users the benefit of seeing multiple service providers through one highlight functional App. As a result, users only need a YayYo account and they will have access to every provider in the App. Users will no longer need to log into multiple accounts and keep track of multiple passwords, multiple receipts from multiple ridesharing services and different trips. The YayYo App keeps securely stores and keeps track of all of that data for each user who establishes a YayYo account, and each user can access that information from one location within the YayYo App or the YayYo website dashboard. YayYo also plans on establishing a rewards program that allows users to acquire points called "Yaymiles" with every trip the user takes. These Yaymiles can be redeemed by users for ride fare discounts and free rides within the YayYo App.

Ridesharing has changed the way the world commutes and is quickly becoming the preferred way to travel. It's convenient and it's great to not have to worry about how you're getting somewhere. Users all want the best price and the most convenient pickup but toggling between multiple apps to get the price or pickup time they want is an unnecessary stress to what was supposed to be a life convenience. We believe we are positioned to solve this problem for end users. By creating a single YayYo account users will be able to travel with any service provider in the App. Users will get the benefit of real time pricing, arrival times, and will be able to filter out what they want and don't want in the results with a click of a button.

## 2. Short-Term Rental of Vehicles to Rideshare Drivers

In August of 2017, the Company an additional another revenue model to its existing business plan. The Company created a subsidiary, Distinct Cars LLC ("Distinct Cars"), to own and maintain a fleet of new cars through leasing which are made available as short-term rentals to rideshare drivers.

Additional value is provided to rideshare drivers in the form of a vehicle maintenance standard that includes 1) training drivers in advanced auto care for the car and 2) providing special incentives for maintaining the advanced care standard. Training for advanced auto care standard includes

- Avoiding body damage
- Proper braking and speed control
- Real-time tracking to measure speed, braking and other abrupt vehicle behavior and provide

driver feedback and incentives

The program promotes a standard of maintenance and car that goes beyond the suggested criteria under the vehicle's manual and warranty, thus maintaining fleet value.

As the Demand for short-term car rentals to rideshare drivers continues to grow, the demand for new cars that are well-maintained will continue to grow with it, as drivers seek a car presence and stability to ensure riders are satisfied with the ride experience. Without it, drivers risk their livelihood, and business success.

Vehicles from Distinct Cars are to be offered through the short-term rental platform HyreCar, which is a market leader in short-term ridesharing rentals and facilitates thousands of short-term rideshare rentals to drivers. HyreCar has agreed to a strategic partnership with Distinct Cars giving the Company premium vehicle positioning on their site, which gives HyreCar the advantage of being able to offer brand new vehicle rental offers on their site and elevating the HyreCar customer experience. This partnership gives Distinct Cars a strong competitive advantage and ensures a solid distribution outlet and marketing presence to consumers seeking rental cars.

## C. The Ridesharing Industry

At the most basic level, real-time ridesharing is a service that arranges one-time shared rides on very short



notice. Traditionally, rideshare arrangements between two or more unrelated individuals for commuting purposes have been relatively inflexible, long-term arrangements. Partners will establish reasonably fixed departure time schedules and driving responsibilities. The complexity of work and social schedules and the perceived increase in vehicle trip complexity, such as trip chaining, has made this type of commuting arrangement much less desirable. “Real-time” ridesharing attempts to provide added flexibility to rideshare arrangements by allowing drivers and passengers to partake in occasional shared rides. The internet-connected, global positioning system (“GPS”) enabled device automatically detects your current location, takes the home location that you have programmed in previously and searches the database for drivers traveling a similar route and willing to pick up passengers. According to Wikipedia.org, “real-time” ridesharing is defined as “a single, or recurring rideshare trip with no fixed schedule, organized on a one-time basis, with matching of participants occurring as little as a few minutes before departure or as far in advance as the evening before a trip is scheduled to take place”.

Over the previous few years, rapid advancements in technology and the penetration of smart phone devices in addition to mobile network accessibility amongst consumers has enabled companies like Uber to deploy their solution. Many of the “realtime” services rely on a similar set of technologies and share similar features. The underlying technological requirements generally include, at a minimum, the following components:

1. Smartphones – Many of the services rely on the rapid proliferation of smartphones in the market place. The firms developing the underlying software for “real-time” ridesharing have focused their efforts on platforms with easy-to-use, attractive user interfaces such as Apple’s iPhone software and Google’s Android platform.
2. Constant Internet Connection – The need to communicate ride requests and accept offers on short notice requires that one be constantly connected to the internet. Many smartphones are now offering (or require) unlimited data access with new smartphone contracts.
3. GPS Functionality – The use of GPS functionality has been incorporated into many applications so that they become “location aware”. In other words, participants seeking a ride do not need to key in their current location, because the GPS built into their smartphone knows where they are located and communicates this information automatically when trips are logged. This is often marketed as a time saving feature.
4. Ride Matching Algorithm – All of the underlying systems use some form of algorithm to match riders and passengers. Some of the algorithms do so based only on origin and destination, while some of the newer algorithms match drivers and passengers based on the commonality of their route.

A number of technology companies based in San Francisco premiered apps for real-time ridesharing in early 2010, several transportation network companies were introduced that were advertised as ridesharing, but in fact dispatched commercial operators similar to a taxi service. Transportation experts have frequently referred to these services as “ridesourcing” to clarify that drivers do not share a destination with their passengers. Rather, the “ridesourcing” app simply outsources rides to available commercial drivers. In 2013 an agreement was reached with California Public Utilities Commission creating a new category of service called “Transportation Network Companies” to cover both real-time and scheduled ridesharing companies. Transportation Network Companies have faced regulatory opposition in many other cities, including Los Angeles, Chicago, New York City, and Washington, D.C, among others.

“Ridesharing” has been controversial, variously criticized as lacking adequate regulation, insurance, licensure, and training. One of the main so-called ridesharing (but actually ridesourcing) firms, Uber, was banned in Berlin and a number of other European cities. Opposition may also come from taxi companies and public transit operators, because they are seen as alternatives. Early real-time ridesharing projects are believed to have begun in the 1990s, but they faced obstacles such as the need to develop a user network and a convenient means of communication. Gradually the means of arranging the ride shifted from telephone to internet, email, and smartphone; and user networks were developed around major employers and universities. As of 2006, the goal of taxi-like responsiveness still generally eluded the industry; “next day” responsiveness was generally considered the state of the art.

The term “ridesharing” was starting to become a misnomer, they’re a lot more like successful private cab or taxi businesses that cater to a smartphone-toting clientele and actively rival traditional cab or taxi companies, and having reliable and affordable door-to-door transportation in general can help expand car-free living. Given the fast rise of

smartphone adoption globally, ridesharing's success doesn't come as a surprise. But there are many reasons why customers prefer to book those services versus taxis. Among those are a clear overview of pricing prior to booking, the ease and convenience of "one-tap" rides, the ability to monitor and follow drivers on map displayed on the user's smartphone, the convenience of a cashless transaction, fare splitting, and feedback options. The premier and probably most well know ridesharing service, Uber, was born when its founders became annoyed that they could not get a taxi in Paris. By eliminating the antiquated taxi dispatch system through technology (call and book taxi, call to request driver's location, call when taxi doesn't arrive), the founders of Uber created an innovative technology based alternative to the traditional taxi dispatch system that has been widely adopted by users worldwide. By eliminating a key piece of the supply chain and streamlining efficiencies for the users, Uber was able to completely disrupt a century-old taxi industry. In essence, Uber & Lyft are really the two companies that dominate the market and Uber so far has won across the board: access, driver experience, customer experience, brand and funding.

#### D. Regulation of the Ridesharing Industry

In the current ridesharing marketplace, often times the Transportation Network Company (such as Uber or Lyft) generally takes the place of government in enforcing standards for drivers and vehicles, though two (2) states and the District of Columbia now have basic driver background and minimum insurance requirements in place for TNCs. Each TNC has its own regulations at the corporate level. However, in many instances, state, local or federal governments are beginning to seriously assess the ridesharing industry and it is likely that regulations and mandated standards are imminent.

#### E. Strategy

Uber, Lyft and other ridesharing companies have spent billions buying market-share, lobbying with lawmakers and optimizing their software to provide the best user experience for both passengers and drivers alike. However, we don't wish to compete with these companies. Instead, we intend to empower these companies by building a user base that would drive revenue for them, and in turn us. By approaching the ridesharing marketplace as an aggregator using metasearch technology and a solution provider that incorporates and requires the services of these already established ridesharing companies, we expect to be strategically positioned to leverage the existing ridesharing economy into immediate revenues for the Company. Whether it's Uber, Lyft or any other ridesharing company on the YayYo App, there will always be room for competition in the "Transportation Network Companies" sector. As long as TNCs continue to thrive and compete, there will be ample room for us to build a viable business on top of their market.

A metasearch engine (or aggregator) is a search tool that uses another search engine's data or provider to produce their own results from the internet or mobile devices. The most well-known use and application of metasearch technology is the online travel industry. Industry participants believe that the metasearch engine is liberating consumers from the information overload the internet is offering us nowadays. Travel website, TripAdvisor, is testing a consumer metasearch functionality for their immense database of hotels worldwide. Except for doing precisely that what all the other travel websites are doing (i.e. showing prices and availability of a certain property), TripAdvisor is able to further filter down on the results with their massive review data, enabling travelers to specify on hotels suitable for a romantic weekend or hotels best suited for family vacations. Another well-known travel website, Kayak, has positioned itself as a "comprehensive objective search" thereby creating additional value for buyers. It set itself apart by including airlines not listed on these larger sites. This further drew in new buyers. Kayak's marketing emphasizes the ways in which it is a better search engine. It offers more alternatives, flexibility, and airlines. For instance, Kayak includes Southwest, which doesn't make its flights available to online travel agents. Kayak on the other hand can be regarded as one of the affiliates. It is basically a metasearch system that searches for the rates across sites like Expedia and if a user decides to buy a room night, Kayak gets paid a referral commission.

When the YayYo App is loaded, a user will see all the available options to them on the map. Then users can filter the map by operator and vehicle type. Our App will allow users to compare ridesharing prices across different providers. Our App will compare prices across different ride types. To accomplish this, we plan to partner with ride share companies such as Uber, Lyft, Via, Juno to name a few and receive exclusive access to their extended API services. This will allow our App to communicate all levels of data back and forth between the various platforms and provide a seamless experience for the user. Our App will identify the user's current location and allow them to change their current location by either moving a pin on a map or by entering in a new pickup location. Upon setting this location the user will then

enter in their destination. Once this destination is entered, our App will access the fare estimate APIs from its ride share partners and return a price estimate to the user from all our partners. The user will then be able to filter by the ride types and sort by pricing and then request for a driver from their specific selection. We expect to provide users with access to all the same features that are standard with most high-level ride share applications such as the ability to contact the driver, cancel their trip & split the fare costs to name a few. The value that we want to provide to the market is a one of fare transparency and convenience in an ever-growing market of transportation options available to the consumer.

#### F. Intellectual Property

We generally rely on trademark, copyright and trade secret laws and employee and third-party non-disclosure agreements to protect its intellectual property and proprietary rights. We are currently in the process of pursuing trademark protection for our name and logos in the United States. Although we believe that our pending trademark applications will be granted by the United States Patent and Trademark Office, there can be no assurance that any trademarks will be granted or that any trademark relied upon by us in the future, if any, will not be challenged, invalidated or circumvented or that the rights granted thereunder or under licensing agreements will provide competitive advantages to the Company.

We also plan to rely on patents to protect its intellectual property and proprietary technology, to the extent feasible, and plans to consult with intellectual property counsel to determine what patents we may be able to file to protect its intellectual property. As of the date of the Company's most-recently amended Offering Circular, we have not filed any patents in the United States or any other country. Although we believe that some of its technology may be patentable, there can be no assurance that any patents will be granted or that any patent relied upon by us in the future, if any, will not be challenged, invalidated or circumvented or that the rights granted thereunder or under licensing agreements will provide competitive advantages to the Company. We believe that due to the rapid pace of technological innovation for technology, mobile and internet products, our ability to establish and maintain a position of technological leadership in the ridesharing industry depends more on the skills of its development personnel than the legal protection afforded its existing technology. (See "Risk Factors").

Our success depends in part, upon its proprietary software technology and proprietary App. There can be no assurance that its standard intellectual property confidentiality and assignment agreement with employees, consultants and others who participate in the development of its software will not be breached, that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known to or independently developed by competitors. Furthermore, there can be no assurance that our efforts to protect its proprietary technology will prevent others from developing and designing products or technology similar to or competitive with those of the Company. Our success depends in part, on its continued ability to license and use third-party technology that is integral to the functionality of our products and App. An inability to continue to procure or use such technology likely would have a material adverse effect on our business, operating results or financial condition.

### III. SOURCE AND ESTIMATED USE OF PROCEEDS

The proceeds available to the Company from the sale of Shares offered in this Memorandum are estimated to be a minimum of approximately \$5,000,000. **THE FINAL USE OF PROCEEDS WILL BE DETERMINED IN THE SOLE DISCRETION OF THE COMPANY AND MAY DIFFER FROM THIS ESTIMATE.**

(A) This offering will not be sold on a Minimum/Maximum basis. **All sales will be to accredited investors.** There is also no required minimum number of Shares to be sold in the Offering. **NO ESCROW ACCOUNT HAS BEEN ESTABLISHED AND INVESTORS' FUNDS ARE TO BE PAID DIRECTLY TO THE COMPANY. AT THE TIME OF SUBSCRIPTION, AN ACCREDITED INVESTOR WILL NOT BE ABLE TO ASCERTAIN HOW MANY SHARES WILL BE PURCHASED BY OTHER INVESTORS.** This offering will terminate on December 31, 2003 unless extended, in the sole discretion of the Company to a later date.

### IV. DIVIDEND POLICY

The Company has never paid cash dividends on its Common Stock. The Company currently intends to retain earnings to finance the growth and development of its business and does not anticipate paying cash dividends on its Common Stock in the foreseeable future. Any payment of cash dividends in the future will depend upon the financial condition, capital requirements and earnings of the Company, limitations on dividend payments under applicable state law requiring the maintenance of specified levels of capital and surplus and such other factors as the Board of Directors may deem relevant.

## V. INVESTOR SUITABILITY STANDARDS

This offering is made in reliance upon an exemption from registration under of the Securities Act of 1933, as amended (the "Securities Act"), and certain state securities law exemptions for offers and sales of securities that do not involve a public offering. **These Shares are only being offered to Accredited Investors as defined in Regulation D of the Rules and Regulations promulgated under the Securities Act.** Each investor will be required to represent that the Shares are being acquired for the investor's own account, and not for the account of others, for investment purposes only and not with a view to the sale or distribution thereof in whole or in part. The speculative nature of the Company's business, together with the lack of liquidity of the Shares, makes the purchase of Shares suitable only for investors who have adequate financial means and who can afford the total loss of their investment. Accordingly, investors will be required to make certain representations as to their net worth, income and ability to bear the loss of their investment.

The suitability standards discussed below represent minimum suitability standards for prospective investors. Prospective investors are encouraged to consult their own investment or tax advisors, accountants, legal counsel or other advisers to determine whether an investment in the Shares is appropriate. (See "Risk Factors.")

### B. Other Factors

Each person acquiring the Shares must represent, by executing the Subscription Agreement, that he is acquiring the Shares for his own account for investment, without any intention to resell, distribute, transfer or dispose of the same, and that he satisfies the suitability requirements set forth above. In addition, a prospective investor will be required to provide such evidence as may be deemed necessary to substantiate the accuracy of the representations made by that investor.

Each investor will be given an opportunity to ask questions of, and receive written answers from, the Company, its officers, directors and/or agents concerning the terms and conditions of this offering, and to obtain any additional written information (to the extent that the Company possesses such information or can acquire it without unreasonable effort or expense) necessary to verify the accuracy of the information contained in this Offering Memorandum. In this connection, the officers, directors and/or agents will be available to provide answers to questions of potential investors. **Any prospective investor having any questions whatsoever regarding this offering, or desiring any additional information or documents to verify or supplement the information contained in this offering Memorandum should contact the Company.**

Each prospective investor should seek the advice of his attorney, tax consultant and business advisor with respect to the legal, tax and business aspects of this investment prior to subscribing for these securities.

THE PRIVATE PLACEMENT MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANY PERSON WHO DOES NOT MEET THE SUITABILITY STANDARDS SET FORTH HEREIN AND IN THE SUBSCRIPTION AGREEMENT.

## VI. THE PRIVATE PLACEMENT

### A. The Shares

The Company is authorized to issue two classes of stock. The total number of shares of stock which the Company is authorized to issue is One Hundred Million (100,000,000) shares of capital stock, consisting of Ninety-Million (90,000,000) shares of Common Stock, \$0.000001 par value and Ten Million (10,000,000) shares of preferred

stock, \$0.0001 par value (the "Preferred Stock").

As of the date of the Company's most-recently amended Offering Circular, the Company had 25,000,000 shares of Common Stock issued and outstanding.

The holders of the Common Stock are entitled to one vote for each share held at all meetings of shareholders (and written actions in lieu of meeting). There shall be no cumulative voting. The holders of shares of Common Stock are entitled to dividends when and as declared by the Board from funds legally available there for, and upon liquidation are entitled to share pro rata in any distribution to holders of Common Stock.

B. Suitability Standards

Subscriptions will be accepted only from those persons who qualify as "accredited" investors under Regulation D, promulgated by the Securities and Exchange Commission (the "Commission") and as "qualified" or accredited investors under certain states' securities laws (which laws may be more stringent than Regulation D).

C. Subscription Period and Escrow Arrangements

This offering will terminate on December 31, 2017 unless extended, in the sole discretion of the Company to a later date ("the Sales Termination Date"). This Offering is for the private placement consisting of 1,250,000 shares of Common Stock granted at a value of \$4.00 per share to certain noteholders as an incentive to enter into secured promissory note agreements.

There is also no required minimum number of Shares to be sold in the Offering. **NO ESCROW ACCOUNT HAS BEEN ESTABLISHED AND INVESTORS' FUNDS ARE TO BE PAID DIRECTLY TO THE COMPANY. AT THE TIME OF ITS SUBSCRIPTION, AN INVESTOR WILL NOT BE ABLE TO ASCERTAIN HOW MANY SHARES WILL BE PURCHASED BY OTHER INVESTORS.**

D. Subscription Procedure

Persons intending to subscribe for Shares should send the following items to the Company:

1. A check in an amount corresponding to the principal amount of their promissory note payable to **YaYyo, Inc.**
2. A completed and executed Subscription Agreement;
3. If required, a completed and acknowledged Purchaser Representative Disclosure Statement and Acknowledgment of the Investor.

The aforementioned items should be delivered to the Company at the following address:

**YaYyo, Inc.**  
433 North Camden Drive, Suite 600  
Beverly Hills, California 90210  
(310) 926-2643

E. Plan of Distribution

The offering of the Shares will be made by the Company through its officers and directors on a "best efforts" basis. The Company has no intention of paying selling commissions.

F. Determination of the Offering Price for the Shares

The purchase price of the Shares offered hereby was determined primarily by the capital needs of the

Company and bears no relationship to any established criteria of value or earnings per Share, or any combination thereof. Further, the price of the Shares is not based on past or projected future earnings of the Company, nor will it necessarily reflect market value of the assets of the Company. No valuation or appraisal has been prepared of the Company's potential business.

G. Limitations on Transferability of the Shares

There is no trading market for our Shares and no assurance that a trading market will develop. Therefore, the Shares may not be readily transferable. Consequently, holders of the Shares may not be able to liquidate their investment in the event of emergency. Also, the Shares may not be readily accepted as collateral for loans.

VII. CAPITALIZATION

The Company is authorized to issue two classes of stock. The total number of shares of stock which the Company is authorized to issue is One Hundred Million (100,000,000) shares of capital stock, consisting of Ninety-Million (90,000,000) shares of Common Stock, \$0.000001 par value and Ten Million (10,000,000) shares of preferred stock, \$0.000001 par value (the "Preferred Stock").

VIII. MANAGEMENT

A. Directors and Executive Officers

The Biographies of the Officers and Directors are as follows:

NAME	AGE	POSITION
Ramy El-Batrawi	55	CEO
Kevin Pickard	53	CFO
Ali Rashidifar	34	CTO

RAMY EL-BATRAWI

Ramy El-Batrawi, Chief Executive Officer, Founder & Director. Mr. El-Batrawi is an entrepreneur, Chief Executive Officer, Founder, Director and controlling shareholder of the Company. Mr. El-Batrawi is the owner of X, LLC a private equity firm, which in 2016 founded YayYo, Inc., and in 2017 became majority shareholder of Advance Tek Group, Inc. From 2007 to 2015 was the owner of managing member of Growth Strategy Investments, LLC, a merchant banking firm, which participated in the structuring and negotiation of corporate acquisitions and dispositions. Prior to that, Mr. El-Batrawi, was the managing member of Diversified Investment Group, LLC from 2003 to 2007, during which time he formed Aloha Aviation Investment Group, LLC to partner with The Yucaipa Companies, LLC to make a substantial equity investment in Aloha Airlines pursuant to a Plan of Reorganization and subject to U.S. Bankruptcy Court approval and other conditions, among other projects.

Prior to founding the Company, Mr. El Batrawi was a principal shareholder and chief executive officer of Global Leisure Travel, Inc., from 1998 to 2000, which was subsequently sold. From 1993 to 2001, Mr. El-Batrawi served as the chief executive officer of GenesisIntermedia, Inc. From 1994 to 2001, Mr. El-Batrawi served as the President and Chairman of the Board of the Directors for Genesis Diversified Investments, Inc. In December of 1998, Mr. EL-Batrawi acquired Global Leisure Travel, Inc., which was a pioneer in consolidation in the travel industry.

From 1987 to 1994 Mr. El-Batrawi worked with Adnan Khashoggi internationally where he facilitated and negotiated significant transactions between global industrial companies and world governments. Firms with which he was involved during this period include Lockheed Corporation, Carnival Cruise Lines Inc., Lonrho, Inc., McDonalds Corporation and Eastern Airlines. Mr. El-Batrawi structured and otherwise worked on many large transactions, including a \$12 Billion pipe line deal in the Sudan which he negotiated and for Eastern Airlines, arranging financing for and ultimately selling to Aeroflot Eastern's entire fleet of L1011 aircraft. Additionally, between 1994 to 2001 during this period he was the sole shareholder, President and Chairman of the Board of Directors of several companies, including

Mars and Venus Counseling Centers, Inc., Genesis Aviation, Inc., Genesis Aviation II, Inc., and Sentient, Inc. From 1984 to 1987 Mr. El-Batrawi owned and operated Nationwide Van Centers, a chain of recreational vehicle dealerships.

On April 13, 2006, Ramy Y. El Batrawi was named, along with others officers, directors and/or associates of GenesisIntermedia, Inc., as defendants in a Securities and Exchange Commission enforcement action. In the Securities and Exchange Commission (“SEC”) complaint, filed in the United States District Court for the Central District of California, entitled SEC v. Ramy El-Batrawi, et al., United States District Court for the Central District of California, Case No 2: -06-cv-02247-(MRP\_(RZ) (the “Action”). The Action alleged violations of Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act, in connection with a stock loan and manipulation scheme. The Action alleged, among other things, that defendants had violated antifraud provisions of federal securities laws by orchestrating a scheme to manipulate the stock price of GenesisIntermedia, Inc. (GENI), a now-defunct public company that was based in Van Buys, California (the “Complaint”). On April 1, 2010, Mr. El-Batrawi settled the Action by entering into a final judgment by consent with the SEC, without admitting or denying the allegations contained in the Complaint (the “Settlement”). In connection with the voluntary Settlement of the charges set forth in the Complaint, the U.S. District Court for the Central District of California entered the consent against Mr. El-Batrawi, which, among other things, barred Mr. El-Batrawi from acting as an officer or director of a public company for a period of five (5) years following the date of entry of the final judgment by consent. See “Involvement in Certain Legal Proceedings” below for more information.

C. Shareholdings of Officer and Directors and Shareholders Owning 5% or More of the Company

The following table shows the beneficial ownership of our Common Stock as of the date of the Company’s most-recently amended Offering Circular held by (i) each person known to us to be the beneficial owner of more than five percent (5%) of any class of our shares; (ii) each director; (iii) each executive officer; and (iv) all directors and executive officers as a group. As of December 31, 2016, there were 25,000,000 shares of our Common Stock issued and outstanding, and as at the date of the Company’s most-recently amended Offering Circular a total of 25,043,850 shares of our Common Stock will be outstanding after giving effect to the automatic conversion of subscriptions for shares of our SAFE Shares into 43,850 additional shares of Common Stock. In addition, an indeterminate number of additional shares of Common Stock are potentially issuable upon conversion of up to \$113,888 principal amount (plus accrued interest thereon) of 10% original issue discount senior secured convertible Notes issued and issuable to CFI.

Beneficial ownership is determined in accordance with the rules of the Commission, and generally includes voting power and/or investment power with respect to the securities held. Shares of Common Stock subject to options and warrants currently exercisable or which may become exercisable within sixty (60) days of the date of the Company’s most-recently amended Offering Circular, are deemed outstanding and beneficially owned by the person holding such options or warrants for purposes of computing the number of shares and percentage beneficially owned by such person, but are not deemed outstanding for purposes of computing the percentage beneficially owned by any other person. Except as indicated in the footnotes to this table, the persons or entities named have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

The percentages below are based on fully diluted shares of our Common Stock as of the date of the Company’s most-recently amended Offering Circular.

	Number of shares of Common Stock Beneficially Owned as of February 15, 2017	Percentage Before Offering	Beneficially Owned <sup>(8)</sup> After Maximum Offering
<b>Directors and Officers:<sup>(1)</sup></b>			
Ramy El-Batrawi <sup>(2)</sup>	15,624,998	62.4%	49.9%
Anthony L. Davis <sup>(3)</sup>	100,000	0.4 %	0.32 %
Mark Young <sup>(4)</sup>	50,000	0.2 %	0.16 %
Robert S. Vanech <sup>(5)</sup>	100,000	0.4 %	0.32 %

Terren Peizer <sup>(6)</sup>	1,654,412	6.6%	5.3%
All directors and named executive officers as a group (5 persons)		70.0%	56.0%
<b><u>Greater than 5% Beneficial Owners:</u></b>			
X, LLC <sup>(2)</sup>	15,624,998	62.4%	49.9%
Gray Mars Venus Trust, Arizona 2015 <sup>(7)</sup>	5,588,235	22.3%	17.6%
Acuitas Group Holdings, LLC <sup>(6)</sup>	1,654,412	6.6%	5.3%

<sup>(1)</sup> Unless otherwise indicated, the principal address of the named directors and officers of the Company is c/o YayYo, Inc., 9665 Wilshire Boulevard, Suite 895, Beverly Hills, CA 90210

<sup>(2)</sup> Common Stock beneficially owned by Ramy El-Batrawi are held of record by X, LLC, which is an entity that is wholly-owned and controlled by Ramy El-Batrawi, the Company's founder, Chief Executive Officer and Director. Its address is 2635 Astral Dr., Los Angeles, CA 90046.

<sup>(3)</sup> Consists of 100,000 shares of Common Stock issuable upon exercise of stock options granted to Mr. Davis. Does not include additional stock options or equity compensation which may be granted to Mr. Davis under an employment agreement that he may enter into with the Company.

<sup>(4)</sup> Consists of 50,000 shares of Common Stock issuable upon exercise of stock options granted to Mr. Young.

<sup>(5)</sup> Consists of 100,000 shares of Common Stock issuable upon exercise of stock options granted to Mr. Vanech. Does not include additional stock options or equity compensation which may be granted to Mr. Vanech under an employment agreement that he may enter into with the Company.

<sup>(6)</sup> Acuitas Group Holdings, LLC, an entity beneficially owned and controlled by Terren Peizer. Its address is 11601 Wilshire Blvd., #1100, Los Angeles, CA 90025. Excludes certain preferential rights and privileges granted to Acuitas Group Holdings, LLC/Terren Peizer prior to the conversion of the Company from a limited liability company to a "c" corporation, which include, without limitation, certain options to acquire additional equity securities of the Company and certain anti-dilution protection under specified circumstances, among others.

<sup>(7)</sup> Address is 75 Avon Ave, Mill Valley, CA 94941

<sup>(8)</sup> Assumes that upon the sale of the Maximum Offering the Company will have 31,293,850 shares of Common Stock issued and outstanding.

## IX. CONFLICTS OF INTEREST

The Company is subject to various conflicts of interest arising out of its relationship to the Officers and Directors and affiliates thereof. The Officers and Directors have fiduciary obligations to the shareholders, which in general require the Officers and Directors to consider the best interests of the Shareholders in managing the Property and the affairs of the Company. The Officers and Directors intend to exercise their best business judgment and discretion in resolving any such conflicts, which may arise.

Potential conflicts include, but are not limited to, the following:

A. Competition by the Company with Other Entities for Time and Services of the Officers and Directors

It is contemplated that the officers, directors and affiliates may engage in other business activities, investment or ventures, or with others and will devote such time as may be necessary to conduct the business of the Company. The Officers and Directors and affiliates of the Company may have conflicts of interest in allocating time, services and functions among the Company and other present and future entities which the Officers and Directors and Affiliates may organize or be affiliated with, as well as other business ventures in which they are or may be involved. The Officers and Directors, and each of their Affiliates, may engage for their own account, or for the accounts of others, in other business ventures, product development or otherwise, and the Company shall not be entitled to any interest therein.



B. Legal Representation.

Counsel to the Company and to the Officers and Directors and certain of its Affiliates are generally the same, and it is anticipated that such multiple representation will continue in the future. If a conflict of interest should arise, appropriate consideration will be given to the extent to which the interests of the Company may diverge from those of the Officers and Directors, and, if necessary, separate counsel will be obtained for the officers and directors.

C. Transactions with the Officers, Directors and Affiliates

The officers, directors and their affiliates will receive substantial fees from the Company regardless of the profitability of the Company. Such fees are not the result of arms length negotiations and do not represent fees which would be arrived at were the parties independent. The Company, its officers, directors and affiliates may provide additional services for the Company from time-to-time, but compensation for such services will not exceed compensation, which would be paid to unaffiliated parties for comparable services. In addition, the Company may enter into other arrangements with the Officer, Directors, and its affiliates or with other persons or entities related to the Officers, Directors or affiliates through prior or contemporaneous dealings, provided that such other arrangements are made on terms which are competitive with those which could be obtained from unrelated third parties doing similar work in the same area.

Lexicon Labs

On September 28, 2016 YayYo, LLC entered into a product management proposal with Lexicon Labs (the “Product Management Proposal”), whereas Lexicon Labs shall use its own personnel and other assets to oversee and manage the development of our technology and to assist with product development services to the Company in the form of (a) design and development services to provide iOS operating system capabilities for our mobile app “YayYo!”, (b) design and development for a web registration portal for on-boarding new users, and (c) development of web administration applications to allow high level team members to be able to track user analytical information. On November 16, 2016, the Company adopted and ratified the terms of the Product Management Proposal and accepted the benefits of such arrangement on behalf of the Company.

Lexicon Labs is managed by Ali Rashidifar, a consultant to the Company holding the position of product manager. Under the terms of the Product Management Proposal, the Company has agreed to pay Lexicon Labs compensation in the form of a management cost in an amount equal to \$10,000 (paid on a monthly basis). Since November 16, 2016 (the date of the Company’s incorporation), the Company has paid Lexicon Labs \$10,000 for services rendered for the month of November 2016 under the terms of the Product Management Proposal. As a manager of Lexicon Labs, the Company believes that Mr. Rashidifar will directly or indirectly benefit financially from our Product Management Proposal and it is further assumed, at this stage, that the Company will continue the engagement of Lexicon Labs for the performance of product management services under the Product Management Proposal beyond November 2017, whereby the Company anticipates that aggregate fees paid to Lexicon Labs will exceed an aggregate of \$120,000 in total payments issue and received by Lexicon Labs.

X, LLC Note

Between December 6, 2016 and January 15, 2017, we received a total of \$130,000 in loans from X, LLC, a limited liability company owned by Ramy El-Batrawi, our principal stockholder, Chief Executive Officer and Director. The loans are evidenced by an 8% note due January 18, 2018 (the “X, LLC Note”), but subject to prepayment in such amounts and at such times as our board of directors (Mr. El-Batrawi abstaining) shall determine.

CFI Financing Arrangement & CFI Notes

On January 6, 2017, the Company entered into a letter agreement (the “CFI Letter Agreement”) with Chase Financing, Inc. (“CFI”), pursuant to which CFI agreed to provide up to \$100,000 in capital to the Company through one or more loans evidenced by notes with an aggregate principal amount of \$113,888.

On January 6, 2017, the Company received \$50,000 from CFI and issued its 10% original issue discount senior secured convertible note in the principal amount of \$55,555, with a maturity date of April 6, 2017 (the "First CFI Note"). Subsequent to the First CFI Note, on January 23, 2017 the Company received an additional \$25,000 from CFI, and issued a second 10% original issue discount senior secured convertible note in the principal amount of \$30,555, with a maturity date of April 6, 2017 (the "Second CFI Note"). Subsequent to the Second CFI Note, the Company received an additional \$25,000 from CFI, and issued a third 10% original issue discount senior secured convertible note in the amount of \$27,778 (the "Third CFI Note" and together with the First CFI Note and the Second CFI Note, collectively, the "CFI Notes"). As a result, the Company is obligated to repay CFI a total of \$113,888 in principal plus all accrued interest thereon to CFI under the CFI Notes on or before the stated maturity dates, subject to extension per the terms of the CFI Notes.

Pursuant to the terms of the CFI Notes are secured by a first priority lien and security interest on all of the assets of the Company, now owned or hereafter acquired, and are convertible at the option of the holder into shares of our Common Stock at a conversion price equal to the lower of \$7.00 per share or the average of the five lowest volume weighted average trading prices ("VWAP") of our Common Stock during the twenty (20) trading days immediately prior to the date of conversion. If an event of default occurs under the terms of the CFI Notes, the conversion price will be reduced to \$1.00 per share.

Concurrently with the execution of the CFI Letter Agreement and the First CFI Note, as additional collateral to secure the repayment of the CFI Notes by the Company, Ramy El-Batrawi, our founder, Chief Executive Officer, Director and control person of our principal stockholder, X, LLC (an entity wholly owned by Mr. El-Batrawi), entered into a Limited Recourse Guaranty and Pledge agreement with CFI (the "Guaranty & Pledge"), pursuant to which X, LLC agreed to unconditionally and irrevocably guarantee the Company's repayment of the CFI Notes, and pursuant to which X, LLC pledged up to 300,000 shares of our Common Stock held of record and beneficially owned by X, LLC.

In addition to the Guaranty & Pledge, on January 6, 2017, X, LLC (an entity wholly owned by Mr. El-Batrawi) entered into a Common Stock Purchase Agreement ("Stock Purchase Agreement"), pursuant to which X, LLC agreed to sell and transfer to CFI 200,000 shares of our Common Stock, held of record and beneficially owned by X, LLC, in exchange for the aggregate nominal consideration of one dollar (\$1.00). Under the Stock Purchase Agreement, and in addition to the 200,000 shares of Common Stock to be issued upon the effective date of the Stock Purchase Agreement, X, LLC has agreed to provide CFI with certain anti-dilution protection provisions, whereby X, LLC will issue a number of shares of our Common Stock, held as of record and beneficially by X, LLC, equal to two percent (2%) of the number of shares of Common Stock issued or underlying Common Stock Equivalents (as defined under the Stock Purchase Agreement) issued, as the case may be, in the event of a Dilutive Share Issuance (as defined under the Stock Purchase Agreement). X, LLC has the right to repurchase 100,000 of such shares at an aggregate purchase price of \$208,500 if exercised within the initial three (3) months after the date of the Stock Purchase Agreement, or \$258,500 if exercised within the second three (3) months.

To the best of our knowledge, since the period from inception (June 21, 2016) to December 31, 2016, other than as set forth above, there were no material transactions, or series of similar transactions, or any currently proposed transactions, or series of similar transactions, to which we were or are to be a party, in which any director or executive officer, or any security holder who is known by us to own of record or beneficially own more than five percent (5%) of any class of our Common Stock, or any member of the immediate family of any of the foregoing persons, has an interest (other than compensation to our officers and directors in the ordinary course of business).

## X. **REPORTS**

Each Shareholder or such Shareholder's duly authorized representatives will have access to the books of account and records of the Company at the Company's principal place of business upon reasonable notice and for a proper purpose at all reasonable times during business hours.

The Company will endeavor to regularly report on the activities of the Company and will provide an accounting of the Company's activities at the time of dissolution or winding up of the Company.

## XI. **LEGAL PROCEEDINGS**

Except as disclosed below, to our knowledge, none of our current directors or executive officers has, during the past ten (10) 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 (2) 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 prohibition 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.

Securities and Exchange Commission v. Ramy Y. El-Batrawi, GenesisIntermedia, Inc., Ultimate Holdings, Ltd., Adnan M. Khashoggi, Richard J. Evangelista, Wayne Breedon, and Douglas E. Jacobson, Civil Action No. CV-06-2247 (MRP) (C.D. Ca.) (See U.S. Securities and Exchange Commission Litigation Release No. 21475 / April 2, 2010).

On April 1, 2010, the Company's founder, controlling shareholder, Chief Executive Officer and Director, Ramy Y El-Batrawi ("El-Batrawi") settled a United States Securities and Exchange Commission ("SEC") enforcement action (originally filed in April 2006) (the "Matter") by entering into a final judgment by consent (the "Consent") with the SEC, without admitting or denying the allegations contained in the SEC's Complaint (as defined below). In connection with the voluntary settlement and resolution of the Matter, the U.S. District Court for the Central District of California (the "Court") entered the Consent against El-Batrawi, which permanently enjoins him from violating Section 17(a) of the Securities Act of 1933, as amended ("Securities Act"), and Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934, as amended ("Exchange Act") and Rules 10b-5, 13b2-1, and 13b2-2 thereunder, from aiding and abetting violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13, and barring El-Batrawi from acting as an officer or director of a public company for a period of five (5) years following the date of entry of the Final Judgment. For further information and details please contact the Company.

YayYo, Inc., vs. Hurst Capital LLLP, Zach Hurst, Austin Hurst, Ryan O'Connor, Scott Carl Edwards, Robert Lisiescki, Christopher John Gilbert, Joseph Andreini III, and Joseph Hoffman. On November 21, 2016, the

Company filed a lawsuit in U.S. District Court, for the Central District of California against Hurst Capital LLLP, Zach Hurst, Austin Hurst, Ryan O'Connor, Scott Carl Edwards, Robert Lisiescki, Christopher John Gilbert, Joseph Andreini III, and Joseph Hoffman (collectively, the "Defendants"). The lawsuit alleges claims for fraud, fraudulent inducement and concealment, negligent misrepresentation, unfair business practices, intentional interference with contractual relations and prospective economic relations, and conversion, based on the Company's belief that the Defendants made fraudulent and intentionally misleading representations to induce the Company to retain their services in connection with building our website and mobile applications, failed to satisfy the terms of their engagement with the Company and attempts to charge the Company for services which was never performed or was subpar. The Company intends to pursue this matter to a satisfactory resolution. We believe that the defendants will disgorge their ill-gotten gains rather than defend their fraudulent enterprise through the federal court system.

Except as set forth above and in our discussion below in "Certain Relationships and Related Transactions," none of our directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

We are not currently a party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, we believe will have a material adverse effect on our business, financial condition or operating results.

## APPENDIX A

### RISK FACTORS

*This offering involves a high degree of risk. In addition to the other information set forth in this offering memorandum, the following risk factors should be considered carefully in evaluating the company and its business before purchasing any of the shares of common stock of the company. This offering memorandum contains certain forward-looking statements that involve risks and uncertainties, such as statements of the company's plans, objectives, expectations, and intentions. When used in this offering memorandum, the words "expects," "anticipates," "intends," "plans" and similar expressions are intended to identify certain of these forward-looking statements. The cautionary statements made in this offering memorandum should be read as being applicable to all related forward-looking statements wherever they appear in this offering memorandum. The company's actual results could differ materially from those discussed in this offering memorandum. Factors that could cause or contribute to such differences include those discussed below, as well as those discussed elsewhere in this offering memorandum.*

#### Technological Changes

The introduction of new or enhanced technologies or designs by competitors could render the Company's products less marketable. The ability of the Company to compete successfully will depend to a large degree on its ability to innovate and respond to changes and advances in its industry. There can be no assurance that the Company will be able over the long term to keep pace with the demands of the marketplace.

#### Risks of Technical Problems or Product Defects

There is no assurance, despite testing and quality assurance efforts that may be performed by the Company and/or its industry partners, that technical problems or product defects will not be found, resulting in a loss of or delay in market acceptance and sales, diversion of development resources, injury to the Company's reputation or increased service and support costs, any of which could have a material adverse effect on the Company's business. Moreover, there is no assurance that the Company will not experience difficulties that could delay or prevent the development and introduction of its products and services, that new or enhanced products and services will meet the market acceptance, or that advancements by competitors will not erode the Company's position or render the Company's products and services obsolete.

#### Determination of the Share Price

The purchase price of the Shares that we are offering was determined primarily by the capital needs of the Company and bears no relationship to any established criteria of value or earnings per share, or any combination thereof. Further, the price of the Shares is not based on past or projected future earnings of the Company. No valuation or appraisal has been prepared of the Company's potential business.

#### Limited Transferability of Shares

There is no trading market for our Shares and no assurance that a trading market will develop. Thereof, the Shares may not be readily transferable. Consequently, holders of the Shares may not be able to liquidate their investment in the event of emergency. Also, the Shares may not be readily accepted as collateral for loans.

#### Best Efforts Offering

This offering is being made on a "best efforts" basis. No commitment exists by anyone to purchase all or any part of the Shares being offered hereby. The officers and directors agree to use their best efforts to offer the Shares to the public and may rely on NASD and state registered Broker/Dealers to sell this offering on a "best offering" basis. This is contrasted to a "firm commitment" offering in which an underwriter purchases the issuer's securities offered for their own account, at a discount from the public offering price, and thereafter resells them to the public. (See "Plan of Distribution").

### There are no Commitments to Purchase any of the Shares.

No entity, including any broker, dealer, officer, or director has any obligation to purchase any of the Shares. Consequently, we cannot give you any assurance that any or all of the Shares will be sold. (See “Plan of Distribution”).

### Additional Funds

The Company believes that, after consummation of the transactions embodied in this Memorandum, it will have sufficient working capital through lines of credit and internally generated cash flow to finance its activities. No assurance can be given that such funds will be sufficient to meet its capital needs in the future and that the Company will not be required to seek additional funding. There can be no assurance that such financing will be available on attractive terms, or that such financing would not result in a substantial dilution of the shareholders’ interests.

### Disallowance of State and/or Federal Exemption from Registration or Qualification

These Shares are being offered in reliance on an exemption from registration pursuant to Sections 4(2) and 4(6) of the Securities Act and an exemption from qualification pursuant to state securities laws, specifically, Nevada Corporations Code, Section 2510 (f) for sales in Nevada. There can be no assurance given that the exemption for the Shares offered herein will not be disallowed by state securities regulators and/or the United States Securities and Exchange Commission. There can be no assurance given that such state and/or federal regulators will deem this offering to be integrated with any previous or subsequent offering requiring registration of these Shares. Should the exemption from registration and/or qualification be disallowed, the Company may be required to offer rescission to all purchasers of Shares and cause the Shares offered herein and those previously offered and sold to be registered and qualified. Purchasers of the Shares will Experience Immediate and Substantial Dilution in the Net Tangible Book Value of the Common Stock.

Purchasers of Shares in this Offering may have paid a higher price for their respective interests in the Company than did all of the earlier purchasers of shares of Common Stock and the Shares will accordingly have a lower net tangible book value than the purchase price immediately upon completion of this offering.

### Investment by Qualified Plans

In view of the special problems that must be considered in determining whether a qualified plan should become a shareholder in the Company, a qualified plan should consult with its tax or plan advisor before purchasing the Shares. A plan should also consider whether its participation in the Company as a shareholder satisfies the fiduciary obligations under the Employee Retirement Income Security Act of 1974 as amended (“ERISA”).

### We are a Development Stage Company

We are a development stage company and we have no operating history. As of the date of this Memorandum, we have only commenced limited operations and generated minimal revenue. Accordingly, we have little operating history on which to base an evaluation of our business and prospects. Our business and prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in their early stage of development.

### Business and Technological Changes

There is no guarantee that the Company will be successful or profitable or that there will be revenues significant to pay dividends. The likelihood of the success for the Company must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with new or expanding business ventures. In addition, the industry in which the Company will participate is a developing industry and subject to rapid business and technological changes. The business, technology, and marketing changes that could occur may have a material adverse impact on the business possibilities of the Company. The Company cannot predict that such changes will occur or the effect, if any, such changes, may have on its operations and ultimate success.

### Conflict of Interest

The Company is subject to various potential and actual conflicts of interest arising out of its relationship with its officer/shareholders and/or affiliates of the Company; transactions with affiliates of the Company and/or such persons and entities; the payment of substantial sums from the proceeds of this offering to such affiliates; and, competition for the times and services of the Officers, Directors, agents, employees, and affiliates with other projects or business that they might run.

#### Dependence on Key Personnel

The Company's performance is substantially dependent on the continued services and on the performance of its senior management and other key personnel. The Company's performance also depends on the Company's ability to retain and motivate its other officers and key employees. The loss of the services of any of its executive officers or other key employees could have a material adverse effect on the company's business, results of operations, and financial condition. The Company does not have long-term employment agreements with any of its key personnel and maintains no "key person" life insurance policies. The Company's future success also depends on its ability to identify, attract, hire, train, retain, and motivate other highly skilled technical, managerial, marketing and customer service personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to successfully attract, or retain sufficiently qualified personnel. The failure to retain and attract the necessary personnel could have a material adverse effect on the Company's business, results of operations and financial condition.

#### Nonpayment or lack of Dividends

The Company has never paid dividends on its Common Stock. The payment of dividends in the future rests within the discretion of the Company's Board of Directors and will depend on the existence of substantial earnings, the Company's financial requirements and other factors. There can be no assurance that the Company will ever be in the position to pay cash dividends.

#### Limited Full-Time Employees and Staff

Assuming successful completion of this Offering and the subsequent offering that will be necessary to fulfill our Business Plan, we intend to hire necessary sales and support staff and will hire, as and when needed, such management, sales, and support personnel, independent consultants, as it may deem necessary for the purposes of its business operations. There can be no assurance that the Company will be able to recruit and hire required management, marketing and distribution personnel. The Company's business would be adversely affected if it were unable to retain required personnel.

#### Possible Loss of Entire Investment

Prospective investors should be aware that if the Company is not successful in its endeavors, their entire investment in the Company could become worthless. Even if the Company is successful in its programs there can be no assurance that investors will derive a profit from their investment.

#### Financial Burden on Investors

The present shareholders of the Company acquired a controlling interest in the Company at a cost substantially less than which the investors in this Offering will pay for their shares. However, almost all of the financial risk of the Company's proposed activities will be borne by the investors who purchase Shares in this Offering and the subsequent offering necessary to fulfill the Company's Business Plan, while management stands to realize benefits from significant stock ownership, the payment of a portion of the proceeds in salaries, and other compensation (See "Use of Proceeds" and "Conflicts of Interest").

#### Discretion in Application of Proceeds

In order to accommodate changing circumstance, the Company's management may reallocate the proceeds of this offering among the purposes specified in the section of this Memorandum captioned "USE OF PROCEEDS". In addition,

a substantial portion of the proceeds of this offering will be applied to working capital of the Company. Accordingly, the Company's management will have broad discretion in the application of the proceeds of this offering. (See "Use of Proceeds")

#### Dealings with the Company

The Company's Principals currently hold all of the seats on the Company's Board of Directors (the "Board") and also control a majority of the Company's common stock. Consequently, they will be in a position to control their own compensation and to approve dealings, if any, by the Company with other entities with which Company's Principals are also involved. Although the Company's Principals intend to act fairly and in full compliance with their fiduciary obligations, there can be no assurance that the Company will not, as a result of the conflict of interest described above, sometimes enter into arrangements under terms less beneficial to the Company than it could have obtained had it been dealing with unrelated persons.

#### Limitation of Liability of Officers and Directors

The officers and directors will have no liability for breach of fiduciary duty except for (i) any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; or (iii) any transactions from which the officer or director derived an improper personal benefit.

#### Unreliability of Projections

The offering memorandum may contain projected results of operation. Projections are hypothetical and based upon present factors thought by the management to influence Company operations. Projections do not and cannot take into account such factors as market fluctuations, unforeseeable events such as natural disasters, the terms and conditions of any possible financing and limitations import/export or other trade embargoes, currency fluctuations, or labor problems, both here and abroad. While the management believes that the projections reflect the possible outcome of the operation and performances of the Company, results in the projections are not and cannot be guaranteed.

#### Uncontrollable Factors

The development and expansion of the Company's business, within acceptable time and cost limitations, will be dependent upon a number of conditions and factors outside the control of the Company. These conditions and factors include, but are not limited to, the availability and ability of the contractors and subcontractors to perform, the ability of manufacturers to supply the hardware and software in a timely fashion, the receptivity of the market, of the absence of disputes, delays or costs increases resulting from such factors as strikes, inflation, adverse weather, earthquakes, technical difficulties, and shortages in a material and labor, any of which conditions or factors could delay the commencement of operations or significantly increase costs above planned levels.

#### Limited Operating History; Expectations of Future Losses

The Company is a development stage company that was incorporated under the laws of the State of Nevada on October 23, 2000. Accordingly, the Company has no operating history upon which an evaluation of its prospects can be made.

The Company's prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in new and rapidly evolving markets such as the expanding medical manufacturing industry. To address these risks and uncertainties, the Company must among other things, develop its brand, implement and execute its business and marketing strategy successfully, continue to develop and upgrade its technology, continue to enhance its marketing to meet the needs of a changing market, provide superior customer service, respond to competitive developments and attract, integrate, retain, and motivate qualified personnel. There can be no assurance that the Company will be successful in accomplishing all of these things, and the failure to do so could have a material adverse effect on the Company's business, results of operations and financial condition. The Company expects that it may incur net losses as it expands substantial resources on sales, marketing, and administration. There can be no assurance that the Company will achieve or sustain profitability or



positive cash flow from its operations.

### Dependence on Continued Growth of Developing Online Business-to-Consumer and Business-to-Business E-Commerce Market

The market for the sale of goods on over the Internet, particularly through business-to-consumer and business-to-business trading, is a new and emerging market. The Company's future revenues and profits are, in part, dependent upon the widespread acceptance and use of the Internet and other online services as a medium for commerce by consumers. Rapid growth in the use of and interest in the Web, the Internet and other online services is a recent phenomenon and there can be no assurance that this acceptance and use will continue to develop or that a sufficiently broad base of consumers will adopt, and continue to use, the Internet as a medium of commerce. Demand and market acceptance for recently introduced services and products over the Internet are subject to a high level of uncertainty, and there exist few proven services and products. Growth in the Company's user base relies on obtaining consumers who have historically used traditional means of commerce to purchase goods. For the Company to be successful, these consumers must accept and use novel ways of conducting business.

In addition, the Internet may not be commercially viable in the long term for a number of reasons, including potentially inadequate development of the necessary network infrastructure or delayed development of the enabling technologies, performance improvements and security measures. To the extent that the Internet continues to experience significant growth in the number of users, their frequency of use or their bandwidth requirements, there can be no assurance that the infrastructure for the Internet and other online services will be able to support the demands placed upon them. In addition, the Internet or other online services could lose their viability due to delays in the development or adoption of new standards and protocols required to handle increased levels of Internet of other online service activity, or due to increased governmental regulation. Changes in or insufficient availability of telecommunications services to support the Internet or other online services also could result in slower response times and adversely affect usage of the Internet and other online services generally. If use of the Internet and other online services does not continue to grow or grows more slowly than expected, if the infrastructure for the Internet and other online services do not effectively support growth that may occur, or if the Internet and other online services do not become a viable commercial marketplace, the Company's business, results of operations and financial condition would be materially adversely affected.

### Risks Associated with Management of Potential Growth

The Company's growth is expected to place a significant strain on managerial, operational, financial, and information systems resources. To accommodate its current size and manage growth, the Company must continue to implement and improve its operational, financial, and information systems, and expand, train, and manage its employee base. Additionally, expansion of the Company's information and network systems is required to accommodate its growth. There can be no assurance that the Company will be able to effectively manage the expansion of its operations, or that the Company's facilities, systems, procedures or controls will be adequate to support the Company's operations. The inability of the Company to manage effectively its future growth would have a material adverse effect on the company.

### Sales and Other Taxes

Depending on the Company's presence in a state for sales tax purposes, the Company may not collect sales or other similar taxes in respect of goods sold. However, one or more states may seek to impose sales tax collection obligations on out-of-state companies such as the Company which engage in or facilitate online commerce, and a number of proposals have been made at the state and local level that would impose additional taxes on the sale of goods and services through the Internet. Such proposals, if adopted, could substantially impair the growth of electronic commerce, and could adversely affect the Company's opportunity to derive financial benefit from such activities. Moreover, a successful assertion by one or more states or any foreign country that the Company should collect sale or other taxes on the exchange of merchandise on its system could have a material adverse effect on the Company's business, results of operations and financial condition if the Company's competitors were not similarly affected.

Legislation limiting the ability of the states to impose taxes on Internet-based transactions has been proposed in the U.S. Congress. There can be no assurance that this legislation will ultimately be enacted into law or that the final version of this legislation will not contain a limited time period in which such tax moratorium will apply. In the event that

the tax moratorium is imposed for a limited time period, there can be no assurance that the legislation will be renewed at the end of such period. Failure to enact or renew this legislation could allow various states to impose taxes on Internet-based commerce and the imposition of such taxes could have a material adverse effect on the Company's business, results of operations and financial condition.

#### Protection and Enforcement of Intellectual Property Rights

The Company regards the protection of its copyrights, patents, service marks, trademarks, trade dress, and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark, and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. The Company requires and has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Company to protect its intellectual property will prove sufficient to prevent misappropriation of the Company's technology or to deter independent third-party development of similar technologies. The Company will pursue the registration of its patents, trademarks, and service marks in the U.S. and internationally. Effective patent, trademark, service mark, copyright, and trade secret protection may not be available in every country in which the Company's seeks to do business both directly and online. As part of its distribution network, the Company may not be required to license its distributors to use the Company's trademark or other intellectual property. While the Company will attempt to ensure that the quality of the Company's brand is maintained by such licensees, there can be no assurance that such licensees will not take actions that might materially adversely affect the value of the Company's proprietary rights or reputation, which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company also will rely on certain technologies that it will license from third parties, such as Oracle Corporation ("Oracle"), Microsoft and Sun Microsystems Inc, ("Sun"), the suppliers of key database technology, the operating system and specific hardware components necessary for the Company's Web and E-Commerce activities. There can be no assurance that these third-party technology licenses will continue to be available to the Company on commercially reasonable terms. The loss of such technology could require the Company to obtain substitute technology of lower quality or performance standards or at greater cost, which could materially adversely affect the Company's business results of operations and financial condition.

There can be no assurance that third parties will not claim infringement by the Company with respect to past, current or future technologies. The Company expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Company's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to the Company or at all. As a result, any such claim could have a material adverse effect upon the Company's business, results of operations and financial condition.

#### Reliance of Single Source Suppliers

While the Company currently has contracts with more than one company to produce the Company's products and/or the components associated with the Company's products and will at all times endeavor to have more than one source for its products and/or components, the Company may, in the future, obtain certain of the components and subassemblies required for its products from a single source. The disruption or termination of any single-source supplier could have a material adverse effect on the Company's operations. Certain of the components have lead times and changes in any suppliers could disrupt production schedules, either of which could materially adversely affect the Company's business and results of operations.

#### Product Liability

The manufacture and sale consumer goods entails an inherent risk of liability in the event of product failure or claim of harm caused by product operation. The company will seek to obtain product liability insurance coverage (\$1,000,000 per occurrence and in the aggregate), there can be no assurance that such coverage will remain available at a reasonable cost and in amounts sufficient to protect the Company, against claims or recalls that could have a material adverse effect on the financial condition and prospects of the Company.

## Audited Financial Statements

As the Company currently has a qualified Reg A Offering, audited financials are publicly available within the Company's Edgar Filings.

## Forward-looking Statements

The statements contained in this Offering Memorandum that are not historical fact are "forward-looking statements" which can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates," or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. Management cautions the reader that these forward-looking statements, including the discussions of the Company's growth and operating strategies and expectations concerning market position, future operations, margins, revenue, profitability, liquidity, capital resources, and other matters contained in this Offering Memorandum regarding matters that are not historical facts, are only predictions. No assurance can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which, although considered reasonable by the Company, may not be realized. Because of the number and range of the assumptions underlying the Company's projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this Offering Memorandum. The forward-looking statements contained herein are based on current expectations, and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company, and results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

**FOR ALL OF THE AFORESAID REASONS, AND OTHER, INCLUDING THOSE SET FORTH HEREIN, THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK. ANY PERSON CONSIDERING AN INVESTMENT IN THE SECURITIES OFFERED HEREBY SHOULD BE AWARE OF THESE AND OTHER FACTORS SET FORTH IN THIS OFFERING MOEMRANDUM. THESE SECURITIES SHOULD ONLY BE PURCHASED BY PERSONS WHO CAN AFFORD A TOTAL LOSS OF THEIR INVESTMENT IN THE COMPANY AND HAVE NO IMMEDIATE NEED FOR A RETURN ON THEIR INVESTMENT. THIS LIST OF RISK FACTORS MAY NOT BE COMPREHENSIVE. EACH PROSPECTIVE INVESTOR IS CAUTIONED AND ADVISED TO MAKE HIS OWN INQUIRIES AND ANALYSES WITH RESPECT TO THE CURRENT AND FUTURE BUSINESS PLANS OF THE COMPANY.**