



**A NEO FINANCIAL SERVICES PLATFORM THAT STARTS WITH  
BIOMETRIC ENABLED BLOCKCHAIN VALIDATED IDENTITY**

Company Overview Summary v.1.9

Company: KABN (Gibraltar) PLC

KABN Suite of Financial Services

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<b>Executive Summary</b>	3
<b>Industry Overview</b>	3
The Neo-Bank Advantage	4
Fundraising with Ethereum Tokens	5
The Burden of International Compliance	5
The Trend to Prepaid Debit	6
Increasing Lifetime Value	6
<b>Problem Statements</b>	7
<b>KABN ID</b>	7
Flexible Whitelists	7
Always-On Compliance	8
Blockchain Registries	8
Data Vault	9
Competitive Matrix	9
<b>KABN Card</b>	10
<b>KABN Cash</b>	10
<b>About the KABN Team</b>	11
Founders & Officers	11
Advisors	11
<b>Appendix A: The KABN Suite</b>	12
<b>Appendix B: Technological Privacy Compliance Considerations</b>	13
<b>Appendix C: Lists of KABN ID Benefits, Advantages, &amp; Features</b>	13
<b>Appendix D: KABN US Patent Application Filing</b>	15

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## Executive Summary

KABN is a neo financial service platform servicing Millennial and Gen-X retail investors. The Company offers cost-effective compliance services in exchange for acquiring leads to issue Visa card accounts and access to the corresponding KABN banking wallet. KABN monetizes card holders through card transaction fees as well as through loyalty and affiliate commissions.

KABN launched its flagship product in December 2018, a bank-grade, *Always On*, identity verification and validation compliance solution with international support. KABN has created a “B2B2C” infrastructure and patent-pending technology allowing clients and consumers to take actions, in management’s opinion that formerly required complex and time-consuming attestation, and instead leverage turn-key Smart Contract registries.

Company management believes that KABN fulfills the growing need for compliance solutions for next generation financial technology startups, exchanges, security token issuers and other financial service providers. KABN leverages this network of pre-approved members to provide financial services to digital currency enthusiasts and others that are looking for more intuitive ways to manage online and conventional fiat transactions.

Built on this compliance layer, KABN offers a suite of financial services, including relationships with banking partners, to issue a KABN-branded prepaid Visa card linked to a multi-currency banking wallet for day-to-day use and a KABN loyalty platform which allows KABN members to benefit from purchases made at e-commerce websites and brick and mortar stores affiliated with the program.

KABN’s neo financial service platform not only allows for more seamless compliance and participation in investment opportunities but KABN management contends that the suite of financial services breaks down walls between the digital economy and main street payments.

## Industry Overview

Millennials and Gen-X continue to be attracted to digital currencies as a financial and investment instrument. This emerging demographic is open to establishing new relationships with online financial institutions and the market has, in our estimation, aggressively courted this new financial customer. In the past ten years, investors have funded 2,441 fintech startups capitalizing on this opportunity.<sup>1</sup> In addition, crypto investors have funded \$953,088,796 in Security Token Offerings (STO) projects in the past two years.<sup>2</sup>

### The Neo-Bank Advantage

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<sup>1</sup> Deloitte, "Fintech by the numbers"

<https://www2.deloitte.com/content/dam/Deloitte/ie/Documents/FinancialServices/us-dcfs-fintech-Design-thinking-web.pdf>

<sup>2</sup> Global STO study 2019" <https://blockstate.com/global-sto-study-en/>

The term neo bank refers to web-based banks which provide financial services through web and mobile applications. These Neo banks often function without physical offices or branches. In return for automating and optimizing service, Neo banks may pass a portion of the resulting savings back to the customer through reduced fees or increased interest rates.

The advantage of neo banks is their ability to leverage technology to optimize incumbent bank processes. By limiting customer interactions to self-serve digital products, management contends financial services companies can dramatically reduce headcount. Success stories abound:

- Monzo, based in the United Kingdom self-reported 2,000,000 customers and only 700 employees.<sup>3</sup>
- Robinhood, a United States brokerage, is estimated to service 6,000,000 retail traders with a staff of 250 employees.<sup>4</sup>

In a large survey conducted by Jumio, 92 percent of Millennials report using mobile banking; however the survey includes important insights, such as 75 percent report dissatisfaction with the existing app experience<sup>5</sup>. Other important information gathered deduced that 80 percent of consumers would switch financial institutions for a better experience<sup>6</sup>. Traditional banks appear to lag behind technology-focused competition in delivering excellent app experiences.

## **Fundraising with Ethereum Tokens**

In 2014, the Ethereum Foundation raised ~31,500 BTC (\$18 million at the time) in the first public crypto-asset crowd sale, setting the record for the biggest one-time crowdfunding initiative of the Internet Age<sup>7</sup>. Participating in the Ether crowdsale turned out to be one of the largest short-term wealth-generating events in history, creating a broad class of investors willing and interested in investing in a new generation of applications built with this technology. The generally acknowledged success of crypto-asset public fundraising, in addition to the simple replicability of token deployment, has led to an onward going enthusiasm in token-based fundraising.

As of July 2018, over 100,000 of ERC20-compatible tokens have been provisioned on the Ethereum main network. The inflection point where STO and STO funding began outpacing blockchain venture investments coincided with Ethereum's mainnet launch. Before Ethereum, there was less than \$100 million total of combined equity/token investments of total equity and token investments. \$1 million VC rounds were once considered large and newsworthy events for the industry, but this is no longer the case.

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<sup>3</sup> Monzo - <https://monzo.com/annual-report/2019/>

<sup>4</sup> Bloomberg - <https://www.bloomberg.com/news/articles/2018-10-15/robinhood-gets-almost-half-its-revenue-in-controversial-bargain-with-high-speed-traders>

<sup>5</sup> Jumio - <https://www.retaildive.com/ex/mobilecommercedaily/92pc-of-millennials-use-mobile-banking-more-than-anything-else-but-with-reservations-report>

<sup>6</sup> *TransUnion*

<https://www.einpresswire.com/article/466031582/building-loyalty-with-gen-z-and-millennials-starts-with-a-better-experience>

<sup>7</sup> CoinDesk - <https://www.coindesk.com/information/who-created-ethereum>

Token offerings have generated approximately \$20 billion to date. The average Token Generating event continues to seal almost 26% more capital than the average VC round.).<sup>8</sup>

### **The Burden of International Compliance**

Issuers and financial technology startups operating at a global scale are required to comply with United States banking regulations. Know Your Customer (KYC) regulations involve managing private and sensitive personal customer information and the third-party verification of these documents. Anti-Money Laundering (AML) regulations require screening and monitoring participants against international sanctions, politically exposed persons flags (PEP), and adverse media lists.

Issuers and startups must additionally comply with European regulations around data privacy and source of funds. General Data Protection Regulation (GDPR) requires all technology services, encompassing financial technology services, to give users the ability to retrieve all personal data and the right-to-be-forgotten.<sup>9</sup>

Management has determined that existing compliance and customer onboarding is often manual, time-intensive, and costly. In-house compliance programs are typically inadequate and/or data gathered is incomplete, inaccurate or unverified. Third-party services and compliance experts may be too expensive for issuers that are required to perform compliance in order to raise capital. For transactions related to international blockchain-based offerings, many issuers are unfamiliar with global regulations outside of their jurisdiction.

In some cases, issuers do not comply with U.S. Securities and Exchange Commission (SEC) regulations and have improperly sold tokens into the US market without an exemption to registration. Over the course of 2018 the SEC significantly increased the scope and instances of repercussions, often forcing issuers to return all funds to investors, sometimes resulting in charges and convictions.<sup>10</sup> In today's market, compliance has become central to any business attempting to raise funds.

### **The Trend to Card Payments**

Digital currency detractors often point to low adoption in actual payments. It is common knowledge that digital currencies are not widely accepted by merchants as a form of payment. Historically, early evangelists would urge merchants to add digital currencies as a payment option. However, over the past year, the market has changed course.

Instead of requiring merchants to accept digital currencies, new services emerged to allow digital currency enthusiasts to load funds onto a prepaid debit card. BitPay, a leading provider of merchant services, offers a VISA debit card in all fifty US states.<sup>11</sup> Cryptopay based in England offers plastic and

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<sup>8</sup> Coin Telegraph - <https://cointelegraph.com/news/token-offerings-raised-twice-more-than-blockchain-equity-deals-in-h1-2019>

<sup>9</sup> EUGDPR <https://gdpr-info.eu/art-17-gdpr/>

<sup>10</sup> BlockTelegraph - <https://blocktelegraph.io/sec-cracks-down-cryptocurrency-investor-registrations/>

<sup>11</sup> BitPay - <https://support.bitpay.com/hc/en-us/articles/115005033763-Where-is-the-BitPay-Card-available->

prepaid debit cards denominated in a number of world currencies and funded by cryptocurrency.<sup>12</sup> Wirex, another company in the space, claims to be launching in Canada soon.<sup>13</sup>

## **Increasing Lifetime Value**

Industry data shows that purchases within an affiliate environment generate a 21% higher average conversion than traditional shopping and a realization of 58% higher average customer revenue.<sup>14</sup> Consumers introduced through affiliate channels place more orders at higher price points. Elevated order value, combined with repeat purchases, make these consumers exceptionally valuable.

Loyalty programs are generally known to be popular with millennial consumers. Over 70% of Millennials and Pre-millennials are members of loyalty programs vs. less than 20% among Baby Boomers<sup>15</sup>. Loyalty programs provide financial institutions with access to big data that is used to drive engagement, spend, and retargeting.

## **Problem Statements**

KABN aims to address the following challenges that KABN has identified in the market:

- Corporate Clients (“Clients”) require international compliance solutions.
- Clients require KYC/AML screened, "good-to-go" consumer customers.
- Clients want to avoid liability for storing sensitive data.
- Millennials and Gen-X consumers increasingly want to spend digital currencies on everyday items (over \$100B in stranded cryptocurrencies).
- Millennials and Gen-X consumers want differentiated personalized offers and discounts.
- Retail investors want access to early stage opportunities.

## **KABN ID**

KABN provides end-to-end customer-facing applications at, what management contends, is a lower price point than traditional backend service providers. Clients who use KABN remove the headache of building

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<sup>12</sup> Cryptopay - <https://cryptopay.me/bitcoin-debit-card>

<sup>13</sup> Cryptoglobe.com - <https://www.cryptoglobe.com/latest/2018/09/cryptocurrency-card-issuer-wirex-expands-to-canada/>

<sup>14</sup> Affiliate Customer Insights, Conversant, April 2017

<sup>15</sup> Oracle - <https://www.prnewswire.com/news-releases/the-loyalty-divide---operator-and-consumer-perspectives-hotels-2018-reveals-operators-are-struggling-to-find-relevance-among-younger-guests-that-demand-more-personalized-incentives-and-experiences-300626659.html>

their own application and speed up the compliance process for participants already known to the KABN network.

### **Flexible Whitelists**

KABN is designed around the concept of whitelist membership. Whitelists on KABN are architected to support binary yes/no queries to allow or prevent restricted actions such as purchasing crypto tokens. Whitelists on the KABN network have a customizable set of compliance rules. Customers who join the whitelist and satisfy all the compliance rules are allowed to perform restricted actions.

When a customer joins a whitelist, the customer is prompted to fill out information and upload copies of personal documents. KABN has the ability to render different web forms to accommodate different whitelist rules. KABN retains history across whitelists to avoid asking for the same information more than once from the same customer.

The KABN whitelist architecture accommodates compliance and scale across multiple financial touchpoints while serving individual client needs.

### **Always-On Compliance**

KABN supports internationally recognized documents for Know Your Customer (KYC) regulations. In addition, for issuers of private or early stage assets, KABN provides qualification for investors in the United States and Canada, and source of wealth verification for investors in Europe.

To date, KABN has screened individuals in the following countries: Armenia, Australia, Bangladesh, Belarus, Canada, Ecuador, Hong Kong, India, Indonesia, Ireland, Latvia, Malaysia, Nigeria, Philippines, Romania, Russian Federation, Sri Lanka, Thailand, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America and Vietnam. Other countries will be added as they come on board.

Customers on the KABN network receive ongoing Anti-Money Laundering (AML) monitoring and requests to confirm or update personal information that is expired or out of date. Financial technology startups can outsource this operational burden at no extra charge.

### **Blockchain Registries**

Issuers of crypto-assets are required to allow or deny participation at the smart contract layer in self-executing code deployed on the blockchain network. KABN provides registry contracts deployed on blockchain networks that manages and tracks which blockchain wallets are allowed to perform regulated actions.

Customers who join a KABN whitelist are required to link at least one blockchain wallet to their account. When a customer is approved, KABN automatically grants access in the corresponding smart contract registry.

KABN drives efficiency over existing solutions by allowing any clients who use a KABN blockchain registry integration to configure their whitelist and reference the registry contract in their own smart contract code. KABN provides a complete end-to-end on-chain compliance solution without the need to write any application code.

## Data Vault

In order to provide compliance solutions, some information and documents are sensitive Personally-Identifying Information (PII) which KABN stores in encrypted database and object storage in Ireland in order to be GDPR compliant. Startups and issuers are, in management’s observation, often ill equipped to handle this sensitive data. In many cases, employees at less experienced companies will store customer documents on personal computing devices. KABN shields all clients from handling sensitive data by providing customer-facing applications.

## Competitive Matrix<sup>16</sup>

Company	Price Per Customer	Int'l Support	Secure PII	Manual Review	Always On	Blockchain Integration
KABN	€0.75	Yes	Yes	Yes	Yes	Yes
Civic	\$2	Maybe	Yes	No	Yes	Yes
Flinks	\$500/m+	No	Maybe	No	No	No
Jumio	\$2	Maybe	No	Yes	No	No
Trulioo	\$1.60	Yes	No	Yes	Maybe	No
Hello Soda	Custom	Maybe	N/A	No	Maybe	No
Traceto	Tokens	Maybe	Yes	Maybe	Yes	Yes
Velix.ID	Tokens	Maybe	Yes	No	Yes	Yes
Bridge	Tokens	No	Maybe	No	Yes	Yes
Identity Mind	Custom	Yes	No	Yes	Yes	No
Netki	Custom	Maybe	Yes	Maybe	Yes	Maybe

## KABN Card

KABN has been approved to launch a prepaid Visa card starting in the UK and Europe in mid 2020 and intends to expand to other jurisdictions. Each consumer customer who is screened and passes the

<sup>16</sup> Based on management’s current review (subject to change with respect to other companies).

KYC/AML on the KABN platform is eligible to receive a Visa prepaid card and corresponding banking wallet.

The KABN Card program aims to allow spending crypto in the real world. Presently, it is difficult to convert digital currencies into local currency. Exchanges increasingly offer trading pairs with stable coins instead of actual local currency. In many cases, withdrawals take weeks via international wire transfers. There are certainly exchanges that allow same-day withdrawals but these, management has found, are rare and in the minority. In certain cases, transfer fees are only viable for large deposits and withdrawals. With the KABN Card Consumers can immediately convert their digital currencies into fiat.

## **KABN KASH**

KABN's loyalty program is designed to engage members of the KABN whitelist and capture data in targeted offers and services. Segmented analytics will be used to determine and segment the highest-value, mid-value and low-value customers. The Company will target messaging to increase frequency of spend and to graduate customer behaviour towards higher-value membership.

Phase one is the roll out of KABN KASH. This program provides KABN customers with the opportunity to transact with their Visa card at e-commerce websites and brick and mortar stores with an added value of an affiliate shopping mall experience. As a card holder shops within our environment, each transaction produces a commission back to KABN.

KABN will push back a percentage of the commissions from affiliate sales as cash back to the customer on their prepaid Visa card. Typically, retailers pay out an average of 4-5%. As the customer accrues their cash back, it will be applied to the card to encourage future spending. The more frequent the spend, the greater the reward for both the customer and KABN. Additionally, KABN earns incremental revenue from interchange fees. The more transactions, the more fees KABN collects.

All data collected from these transactions will be pushed into a company operated database to seed ongoing data analytics and proprietary behavioral benchmarks. By learning and understanding customer behaviours, the Company will be able to develop a targeted and personal relationship with the customer, driving synergy and spending.

## **About the KABN Team**

KABN was founded by former banking, payments, and loyalty executives.

### **Founders & Officers**

- Ben Kessler – CEO – [Linkedin Profile](#)
- Michael Konikoff – CRO – [Linkedin Profile](#)
- David Lucatch – Co-Founder and Chair – [Linkedin Profile](#)

- Craig McCannell – CFO – [Linkedin Profile](#)
- Lynn Cumiskey – CCO – [Linkedin Profile](#)
- RJ Reiser – CBDO – [Linkedin Profile](#)
- Rob Bartlett – Head of Product – [Linkedin Profile](#)

## Advisors

- Matt McGuire -- Founder, The AML Shop. Recognized expert in financial crime risk management and anti-money laundering (AML). [Linkedin Profile](#)
- Dominic Vogel -- Chief Security Strategist, Cyber.sc. Cyber and business security expert. [Linkedin Profile](#)
- Kriya Patel -- Managing Director, Transact Payments Limited. Payments and fintech expert heading up e-money institution. [Linkedin Profile](#)
- Leslie Kelly Hall -- Renowned & leading subject matter expert on healthcare policy, patient advocacy and information technology. [Linkedin Profile](#)
- Bruce Silcoff – CEO of Shyft, a blockchain-based data protection, identity verification, and compliance platform for institutions. [Linkedin Profile](#)

## Appendix A: The KABN Suite

**KABN ID:** From the perspective of Corporate Clients, KABN ID is the system by which clients screen for and store user identity and compliance data. From the perspective of customer’s point of view, KABN ID is the frontend by which they initially provide their identity and compliance data and also by which they can effortlessly, in managements’ estimation, satisfy compliance requirements if participating in subsequent KABN ID-enabled client offerings by pressing “confirm”.

Consumer only have to onboard once, which eliminates the friction of having to fill out forms, upload documents, wait on approval, etc. for every subsequent required screening process. Clients outsourcing the compliance process to KABN ID save a great deal of time and overhead, while ensuring that it has quality, fully-cleared and "good-to-go" and consumers. Clients accessing the Network Whitelist are able to bolster their consumer-base or help jumpstart their initiative’s traction in the early stages.

**KABN Card:** The KABN Card program intends to address a lack of liquidity for digital currencies.

To achieve this, KABN's banking platform will provide a core funding account as well as named sub-accounts tied to digital currency exchanges and other service providers. KABN will link these sub-accounts via API which will include a back-end settlement process, to KABN's sponsoring financial institution(s).

Users will be able to sell their digital currencies and collect the fiat from inside the app's "digital currency account". The "digital currency account" will only be linked in order to process the sale of the digital currency for fiat and won't show individual details such as how much of any given digital currency the user has in their various partner wallets.

The process would work in a similar way to how Facebook authorizes applications (ie. logging into an authorized application, such as another social media platform, through Facebook). In this case, the user would essentially login to their partner digital currency account through the KABN app, and KABN would store those details for future direct logins instead of having to constantly re-enter the login information for each authorized application. From then on, anytime the user wishes to sell digital currency, they would do so through the app and are automatically notified when clear fiat (fiat without any hold periods) hits the app account. All transfers would be deposited in whatever currency the user chooses from the list of available currencies the partner app provides.

**KABN KASH:** The KABN Cash program will connect card holders with affiliate offers that puts cash back onto their KABN Card.

## **Appendix B: Technological Privacy Compliance Considerations**

Some regulatory jurisdictions have new requirements about how personally identifiable information is processed, stored, etc. The European Union, for example, under the General Data Protection Regulation, requires "data protection by design and by default", meaning that business processes that handle personal data must be designed and built with consideration of privacy principles and provide safeguards to protect data (e.g., using pseudonymization or full anonymization where appropriate). Data must not be available publicly without explicit, informed consent, and cannot be used to identify a subject without additional information stored separately.

Non-compliance with these requirements risks regulator aggravation, liability for user damages, and incurring fines, yet many projects do not account for these requirements. If they do, management contends that it is done so without complete separation of PII and technology, that their processes are slow, repetitive, and don't allow for scalability.

KABN ID effectively "separates PII from technology", complying with new jurisdictional technological privacy requirements like GDPR. In the KABN ID system, metadata categorical indicators detail of certain characteristics of a user, such as "is this a U.S.-based investor", "is this person employed", "is this person an accredited investor", etc. without giving away any PII of the user whatsoever, just general categories into which the user falls. Despite this separation of PII from technology, KABN ID is still able to accomplish its technological aims.

In addition, KABN has already completed an audit from GDPR Auditing Ltd, a specialist consultancy focused on GDPR, to ensure KABN ID's compliance with these new regulations.

## **Appendix C: Lists of KABN ID Benefits, Advantages, & Features**

### **KABN Features:**

- Proprietary Technology – Ireland-based infrastructure
- Web based solution for mobile / tablet / desktop
- Re-usable, verified, bank grade KYC/AML processing
- Global document validations for over 1,600 ID templates from over 180 countries
- Multi-language support (in progress)
- Managed chain of custody for Personally Identifying Information (PII)
- Platform links blockchain wallet(s) to identity
- Biometric multi-factor authentication (in progress)
- US Patent pending process for validating PII with the use of Blockchain Registries
- Continuous AML monitoring for financial crimes and related adverse media
- Continuous compliance monitoring to renew or expire documents
- Forensic wallet review capabilities
- Separation of (PII) and Functionality in compliance with GDPR
- GDPR and Privacy Shield (US – pending) Compliant
- Blockchain based registry manages ID and other “Markers”
- Accredited participant validation for US / Canada and for European Source of Wealth (optional)
- Fully screened multi-language Proof of Residency response time up to 72 hours
- Settings to manage account / preferences / offers
- Webhooks for 3rd party Application development or multiple points of integration
- Digital Currency linked Visa Card and banking Wallet for liquidity (Q2 2020 for UK and EEA, other regions to follow)
- “KABN KASH” Loyalty and customer engagement program with cash back on card spend (Q2 2020 for UK and EEA, other regions to follow)
- Affinity, group, associations, educational institutional direct engagement model

### **KABN Advantages:**

- No refresh or ongoing costs
- Eliminates need for costly technical integrations
- Single-source system for all active KYC and ongoing AML monitoring
- Single-source system for all accreditation / source of wealth
- International support for documents and languages
- Lower data and PII management costs
- Corporate Clients, (STO's/Exchanges, etc.) need only to “PING” the Blockchain registry to allow or deny regulated actions such as purchasing tokens
- Compliance with the most stringent privacy and personal information requirements for all jurisdictions
- Keeps PII data on hand current and flags changes in status

- As a Gibraltar Company, AML flags are reported immediately
- Customers don't have to worry about multiple ID document requests and sharing with unknown parties – “One and Done”
- Clients don't have to worry about secure document storage and potential GDPR violations
- API for 3rd party developers
  - Personal wallets, exchanges and programs sub accounts within banking wallet
  - Liquidity of digital currency assets via simple to use platform
  - Ability to get card and maintain card as a result of “Always on” KYC/AML

### **KABN Benefits:**

- Turn-key solution saving time and resources
- Strict control of PII - documents kept with licensed providers
- Instant KYC / AML processing for known customers
- One-time registration and ongoing monitoring - meets all legal requirements
- Separates PII from technology and remains compliant with jurisdictional privacy requirements
- Issuers can bring future token offering to already approved customers that have a propensity to buy into STO's and reach qualified participants
- Blockchain registries provide up-to-date information on-chain
- Customers can provide further "aggregate" information to receive early access to STO's and other commercial offers (under GDPR privacy provisions)
- Privacy Shield (US – pending) means US customers follow the same principles as global privacy community
- Additional benefit to STO participants (affiliate programs / access to early STO programs)
  - KABN Consumer cardholders gain access to a robust, global customer engagement and loyalty program via KABN portal
  - KABN Consumer are able to take advantage of other opportunities and benefits within the KABN platform without having to be rescreened for KYC/AML

### **Appendix D: KABN US Patent Application Filing**

USPTO application no. is 62/844,528; “USE OF BLOCKCHAIN REGISTRIES FOR VALIDATING PERSONALLY IDENTIFIABLE INFORMATION ATTRIBUTES”

KABN provides proof of data authenticity and provenance through its patent-pending Blockchain marker solution. This proprietary, patent-pending system authenticates a user and their identity in combination with other factors such as KYC, AML, Accreditation, Source of Wealth and other unique identifiers, without the need to transfer Source-of-Truth documentation, effectively separating PII from technology and remaining compliant with jurisdictional privacy requirements.

Unlike other ID systems, through the KABN system, a consumer customer is only required to identify and authenticate once to create binary markers (valid | invalid) hosted in Smart Contract registries on the Blockchain. Reciprocally, a requesting corporate client only needs to “ping” the Smart Contract registries to validate the consumer customer’s marker.

These proprietary patent-pending Blockchain registries provide a highly efficient and effective single point for the validation, verification and authenticity of consumer customers which is well suited for the following verticals:

- Banking
- Healthcare
- Government Registration
- Education
- Age Verification
- Other market segmentation where verification of identity is a critical factor