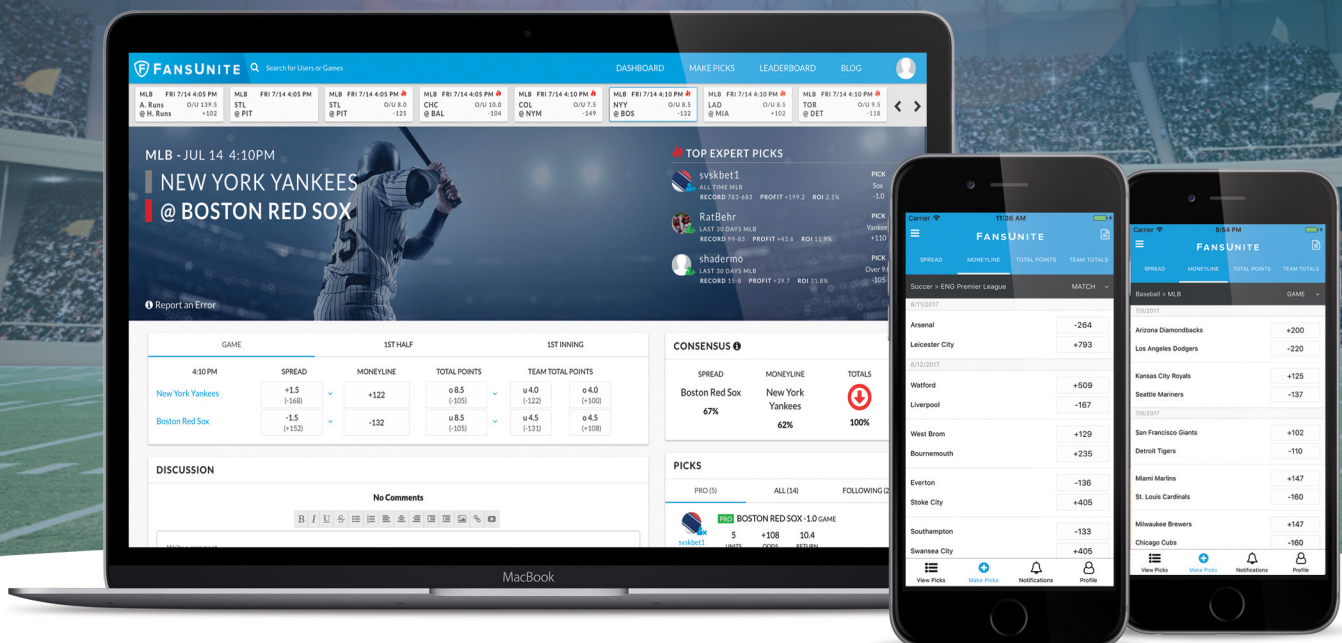




# FANSUNITE

A blockchain sportsbook for the price and security conscious generation.

Version 3.0



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# Legal Disclaimer

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The FansUnite team is aware of potential regulatory issues encroaching on the sports betting industry. There remains risks associated with a decentralized sportsbook and the associated cryptocurrency. FansUnite is vigilant of the potential regulatory ramifications and have taken measures to minimize potential risk in a commercially reasonable manner. FansUnite will remain responsive and will work with regulators as necessary, moving forward.

As of the date of publication of this paper, FansUnite Tokens have no known potential uses outside of the FansUnite Platform ecosystem and are not permitted to be sold or otherwise traded on third-party exchanges. This paper does not constitute advice nor a recommendation by FansUnite, its officers, directors, managers, employees, agents, advisors or consultants, or any other person to any recipient of this paper on the merits of the participation in the Token Generation Event. Participation in the Token Generation Event carries substantial risk and may involve special risks that could lead to a loss of all or a substantial portion of such an investment. Do not participate in the Token Generation Event unless you are prepared to lose the entire amount you allocated to purchasing FansUnite Tokens. FansUnite Tokens should not be acquired for speculative or investment purposes with the expectation of making a profit or immediate re-sale. No promises of future performance or value are or will be made with respect to FansUnite Tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that FansUnite Token will hold any particular value. Unless prospective participants fully understand and accept the nature of FansUnite and the potential risks inherent in FansUnite Tokens, they should not participate in the Token Generation Event. FansUnite Tokens are not being structured or sold as securities. FansUnite Tokens are not participation in FansUnite and FansUnite Tokens hold no rights in FansUnite. FansUnite Tokens are sold as a functional good and all proceeds received by FansUnite may be spent freely by FansUnite absent any conditions, save as setout herein. This paper is not a prospectus or disclosure document and is not an offer to sell, nor the solicitation of any offer to buy any investment or financial instrument in any jurisdiction and should not be treated or relied upon as one. This paper and the Token Generation Event and any information on the FansUnite website is not intended for nor applicable to Canadian or U.S. citizens, or legal persons and entities domiciled therein. Citizens or legal entities domiciled in Canada or the U.S. may not participate in the Token Generation Event. This paper is for information only. Written authorization is required for distribution of any or all parts contained herein.

Players assume risk when participating in gaming betting activities and such activities have inherent risks. Unforeseen

problems could result in the loss of all of a bettor's funds or digital token value.

All information here that is forward looking is speculative in nature and may change in response to numerous outside forces, including technological innovations, regulatory factors, and/or currency fluctuations, including but not limited to the market value of cryptocurrencies.

This paper is for information purposes only and is subject to change. FansUnite cannot guarantee the accuracy of the statements made or conclusions reached in this document. FansUnite does not make and expressly disclaims all representations and warranties (whether express or implied by statute or otherwise) whatsoever, including but not limited to:

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This paper includes references to third party data and industry publications. FansUnite believes that this industry data is accurate and that its estimates and assumptions are reasonable; however, there are no assurances as to the accuracy or completeness of this data. Third party sources generally state the information contained therein has been obtained from sources believed to be reliable; however, there are no assurances as to the accuracy or completeness of included information. Although the data are believed to be reliable, we have not independently verified any of the data from third party sources referred to in this paper or ascertained the underlying assumptions relied upon by such sources.

Please note that FansUnite is in the process of undertaking a legal and regulatory analysis of the functionality of its FansUnite Token. Following the conclusion of this analysis, FansUnite may decide to amend the intended functionality of its FansUnite Token in order to ensure compliance with any legal or regulatory requirements to which we are subject. In the event that we decide to amend the intended functionality of its FansUnite Token, FansUnite will update the relevant section of this document and upload the latest version of this to its website.

Any tokens could be impacted by regulatory action, including potential restrictions on the ownership, use, or possession of such tokens. Regulators or other circumstances may

demand that the FansUnite Tokens' mechanics be altered, all or in part. We may revise mechanics to comply with regulatory requirements or other governmental or business obligations. Nevertheless, we believe we have taken all commercially reasonable steps to ensure that our planned mechanics are proper and in compliance with currently considered regulations.

FansUnite intends to invest the FansUnite Token contributions to fund platform development, marketing, compliance and administration, legal and regulation, and operations. However, FansUnite makes no representations or warranties as to the timing of the delivery of a final working gaming and betting platform accessible by the public.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This paper contains forward-looking statements or information (collectively "forward-looking statements") that relate to FansUnite's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. FansUnite has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, financial needs, or the results of a Token Generation Event or the value or price stability of a FansUnite Token.

In addition to statements relating to the matters set out here, this paper contains forward-looking statements related to FansUnite's proposed operating model. The model speaks to its objectives only, and is not a forecast, projection or prediction of future results of operations.

Forward-looking statements are based on certain assumptions and analysis made by FansUnite in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although the forward-looking statements contained in this paper are based upon what FansUnite believes are reasonable assumptions, these risks, uncertainties, assumptions, and other factors could cause FansUnite's actual results, performance, achievements, and experience to differ materially from its expectations expressed, implied, or perceived in forward-looking statements. Given such risks, prospective participants in a Token Generation Event should not place undue reliance on these forward-looking statements. Risks and uncertainties include, but are not limited to the following factors:

- Security and fraud issues for customer data and FansUnite's technical infrastructure;
- Effectiveness of advertising and promotional activities;
- Competitive nature of the proposed pricing models;
- Industry competition related to sports betting and/or cryptocurrencies;
- Risk associated with losing key personnel;
- Ability to effectively scale operations;
- Ability to properly protect technology and other intellectual property;
- Potential Intellectual Property claims;
- Changing consumer preferences and demand;
- Inability to adapt to competing technologies;
- Challenges associated with maintaining FansUnite's technology infrastructure;
- Interruption or failure of information technology and communication systems;
- Undetected errors in FansUnite software or hardware;
- Potential security breaches;
- Laws and regulations relating to FansUnite's proposed business and other activities;

FansUnite undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this paper.

## OTHER RISK FACTORS

**In evaluating FansUnite and its business, investors should carefully consider and prepare for, in addition to other information contained in this paper, any and all risk factors. The risks presented in this paper are not a definitive list of all factors associated with an investment in FansUnite or in connection with its operations.**

### Laws and Regulations Relating to FansUnite's Business:

FansUnite's business is subject to various laws and regulations in the countries where it operates or intends to operate, including but not limited to laws and regulations prohibiting gambling and related activities. Although FansUnite believes that it is in compliance with all applicable laws and regulations, there is a risk that certain activities of FansUnite may be deemed in violation of any such law or regulation. Penalties for any such potential violation would be unknown. Additionally, changes in applicable laws or regulations or evolving interpretations of existing law could, in certain circumstances, result in increased compliance costs or capital expenditures, which could affect FansUnite's profitability, or impede FansUnite's ability to carry on the business model and the FansUnite Token model proposed in this paper.

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# 1.0 - Background

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FansUnite Limited. ("FansUnite"), a Gibraltar based company, will be the first decentralized social sports betting platform in the world. FansUnite is created by bettors, for bettors, and was founded with the mission to improve conditions for sports bettors everywhere. We are revolutionizing the sports betting industry by harnessing the power of blockchain technology to provide cheaper, more secure, verifiable and transparent betting. Members will be able to place bets on events as with a regular centralized fiat-only sportsbook. Additionally, members will also have access to the FansUnite community where they will be able to share their betting history and upcoming picks with other bettors in order to improve the probability of profitability. Further, community engagement on the platform such as posting bet rationale, sharing winning picks, and social sharing will be rewarded. FansUnite will provide better odds, encourage members to collaborate, and reward those who embrace this community concept. FansUnite is building a sportsbook where everyone can win.

FansUnite aims to be the first regulatory compliant decentralized social sportsbook, with a 1% margin, and a community of fellow bettors striving to make your betting experience increasingly profitable. We believe the value proposition posed by FansUnite of better odds, community building incentives and verifiable results on the blockchain will prove highly compelling to potential token holders and members of the platform.

**We are revolutionizing the sports betting industry by harnessing the power of blockchain technology to provide cheaper, more secure, verifiable and transparent betting.**

## 2.0 - FansUnite Team

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FansUnite is composed of a group of passionate sports fans and experienced community builders. The FansUnite team has significant experience operating a fully compliant and transparent publicly traded company and will strive to provide a high level of disclosure to token holders.

The team behind FansUnite have been long-time proponents of improving conditions for sports bettors, having created and operated a sportsbook utilizing a virtual currency for the past four years (visit: fansunite.com). During this time, the founders and developers have proven their passion for the sports betting space, self-funding and bootstrapping the endeavour to continue allowing bettors to collaborate and improve results against the house.

Currently, FansUnite is a social sports betting network through which members can track their results and follow other bettors to help each other win. The team has built an amazing community that grows every day, with top bettors having thousands of followers. The effects of crowdsourced data are significant and the time is here to bring this edge to real money gaming.

FansUnite is excellently positioned to leverage the expertise of its team, partners, and advisors who are industry leaders in blockchain technology, community building, and iGaming legal navigation. The platform offers disruptive potential that will forever change the currently outdated and overpriced sports betting environment.

### Management and Advisory Team Bios



**Darius Eghdami**  
CEO, FansUnite Media Inc.  
[Linked in](#)

A chartered accountant by trade, Darius is a serial entrepreneur, investor, and sports junkie. He has previously founded and/or led multiple businesses in digital, data analytics, and consumer internet. Darius has been involved in the sports betting industry since 2008 and has been the CEO of FansUnite since 2012. His goal and passion with FansUnite was to create a community of sports bettors working together to beat the house. Darius has extensive experience managing companies, raising capital, as well as developing overall vision and business frameworks. Darius was recently named Canada's next 150 top entrepreneurs by the TMX Group.



**Duncan McIntyre**  
COO, FansUnite Media Inc.  
[Linked in](#)

Duncan is a practicing lawyer and investor, experienced in mergers, acquisitions and various other corporate matters. He is a co-founder of FansUnite and has over a decade of experience in sports betting and data analytics. He has had substantial involvement in product development, overseeing daily operations and business development across several ventures. Duncan is excited about working with the community to build a platform that finally levels the playing field and gives every member a sense of security when placing a bet.



## **Shafin Diamond Tejani**

CEO, Victory Square Technologies

**LinkedIn**

Shafin Diamond Tejani is one of the most respected entrepreneurs and philanthropists in Canada. Shafin launched his first company, an online dating website, from his University dorm room at the age of 19. Since then, through his venture Victory Square Labs, he has launched over 40 startups in 21 different countries, employing over 350 people and generating over \$100 million in annual revenues. In 2014, Shafin was named Angel Investor of the Year by Angel Forum. In 2015, Shafin was named the Ernst & Young Canadian Tech Entrepreneur of the Year. In 2017 Shafin was named Person of the Year at the BC Technology Impact awards. Shafin is also British Columbia's Top 40 under 40 winner and the recipient of the Prime Minister's Volunteer Award. Shafin is extremely excited about FansUnite and bringing his expertise in growth marketing and scaling companies to the platform.



## **Ryan Faber**

CEO, Flatiron Collective

**LinkedIn**

Ryan is an award-winning marketer who has helped drive multiple tech companies to billion dollar valuations. His NYC-based marketing agency, Flatiron Collective, is best known for helping power growth for FanDuel, as well as other companies like Vroom, Wag, Artsy, Raise and many other VC backed startups. FansUnite is fortunate to have a digital marketer of his caliber advising us to help us create a user acquisition machine and drive rapid adoption of our platform globally.



## **Ron Segev**

Partner, Segev LLP

**LinkedIn**

Ron is a founding partner of Segev LLP. Segev LLP has one of the leading iGaming legal teams in the world. Ron is a specialized iGaming lawyer and assists online gaming, social gaming, skill games, sportsbooks, daily fantasy sports, esports, v-sports, live-dealer, and other gaming and betting clients worldwide with their commercial, IP, transactional, licensing, regulatory and compliance needs. Ron has more than a decade of experience in the iGaming sector and is widely sought as an expert speaker on the topic. Ron is also a General Member of the International Masters of Gaming Law and has been published in American Gaming Lawyer, Canadian Gaming Lawyer, iGaming Business, and other leading publications. Ron Segev is one of the top iGaming lawyers in the world and he and his team will guide FansUnite through all applicable regulatory issues.



## **Stephen Rothwell**

Head Trader, FansUnite Media Inc.

**LinkedIn**

Stephen is a veteran in the field of Machine Learning and uses math to consistently beat industry closing lines set in the MLB which can be seen at Sabercruncher.com. Stephen ensures the stability of our business by ensuring efficient market pricing and leads our efforts to challenge Pinnacle as the gold standard for lines in the sports betting world. An exceptional developer, he is versed in C++, Java and Python having worked at Amazon.com and Dwave Quantum computers as a quantum programmer.



## **Peter Smyrniotis**

Advisor

**Linked** 

Peter is an entrepreneur, investor and consultant, and has over 25 years' experience in the technology industry, having developed skills, competencies and expertise in a number of areas and industries, both private and public. These include enterprise software and hardware, security, gaming, payment processing, e-commerce, business development, strategic sales, channel and partnership, cloud brokerages, robotics, and augmented reality. Further, Peter is actively involved in the technology sector, advising companies on sustainable growth and scaling commercialization activities.



## **Gary Boddington**

Chief Commercialisation  
Officer, BTL Group Ltd.

**Linked** 

Gary is an entrepreneur, executive leader, and mentor and is currently the Chief Revenue Officer for Canada's first publicly traded blockchain company, BTL Group Ltd (CVE: BTL). He has previously co-founded and successfully exited multiple start-ups in the technology space. As a creative and entrepreneurial CEO, he has built teams that have grown direct and indirect license revenue channels on a global basis. He is an accomplished business executive that has cultivated key stakeholder relationships, worked with a boards of directors, shareholders and founders.



## **Irfan Verjee**

Advisor

**Linked** 

Irfan has over 20 years experience investing in the technology space. Previously, he worked for Oppenheimer Capital and Kingdon Capital in NY and focused his time researching and investing in thousands of companies in Asia and emerging markets. Irfan has most recently been advising companies in the blockchain industry.

## 3.0 - Market Opportunity

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The potential market for this platform is massive. The European Gaming and Betting Association (EGBA) published a report in 2014 estimating that the current total market size for sports betting globally exceeds \$1 trillion per annum. Furthermore, legal sports betting profits are estimated at just over \$70 billion in 2016, a 20% increase since 2012<sup>1</sup>. This figure stands to grow exponentially in the near future, with governments globally enticed by the prospect of additional tax revenues that could be fetched through the legalization of sports betting.

While betting markets in Europe and Latin America are fairly developed, and for the most part allow or tolerate online sports betting, relatively new markets like Southeast Asia are just starting to blossom. Most recently, Vietnam endorsed sports betting as a means of bridging its growing budgetary deficit<sup>2</sup>. The country's debt currently stands at 64 percent of their gross domestic product (GDP), other countries in the region such as Thailand and Malaysia share similarly large deficits and could also shortly turn to legalizing gambling as a solution.

Huge markets such as the U.S. remain untapped due to legislation against sports betting. However, in spite of this legislation, estimates have pegged sports betting in the U.S. to yield anywhere between \$80 and \$380 billion dollars annually<sup>3</sup>. Leaders of major North American sports organizations, such as NBA Commissioner Adam Silver, have been vocal proponents for the legalization of sports betting. Elected officials, such as Governor Chris Christie in New Jersey, have fought to repeal regulations on sports betting<sup>4</sup> following landslide votes by constituents supporting legalisation with the prospect of fetching billions in new public funds<sup>5</sup>. While not without opposition, these and other cases, including congressional action in Pennsylvania, show a gradual trend toward legalisation and add to the rosy outlook for companies in the sports betting space from a global outlook.

**Legal sports  
betting  
profits are  
estimated  
at just over  
\$70B  
in 2016**

- <sup>1</sup> "Sports betting report | EGBA." <http://www.egba.eu/facts-and-figures/studies/6-sports-betting-report/>. Accessed 5 Sep. 2017.
- <sup>2</sup> "Vietnam Wants Its Gamblers Staking Their \$800 Million at Home ...." 27 Feb. 2017, <https://www.bloomberg.com/news/articles/2017-02-27/vietnam-wants-its-gamblers-staking-their-800-million-at-home>. Accessed 6 Sep. 2017.
- <sup>3</sup> "NBA commissioner Adam Silver says sports betting 'inevitable'." 5 Sep. 2014, [http://www.espn.com/espn/chalk/story/\\_/id/11466692/nba-commissioner-adam-silver-says-sports-betting-inevitable](http://www.espn.com/espn/chalk/story/_/id/11466692/nba-commissioner-adam-silver-says-sports-betting-inevitable). Accessed 22 Jun. 2017.
- <sup>4</sup> "All bets are off: Supreme Court to review sports betting ban" 17 June, 2017, <https://www.si.com/nfl/2017/06/27/supreme-court-review-sports-betting-gambling-ban-new-jersey-chris-christie>
- <sup>5</sup> "Report: Expanding legal sports betting would ... - Las Vegas Sun." 6 Sep. 2016, <https://lasvegassun.com/news/2016/sep/06/report-expanding-legal-sports-betting-would-genera/>. Accessed 6 Sep. 2017.

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## 4.0 - Problems Faced by Sports Bettors

Sports bettors face a number of problems in the current landscape, as listed in this section.

/1

### Requirement of trust to place wagers with third party centrally controlled sportsbooks.

It is not uncommon for bettors to complain about reneged bets, and improper or delayed payments. These bettors stay with these organizations due to a lack of viable alternatives that are significantly different than the status quo they have become accustomed to. FansUnite will provide the first betting platform where bettors can engage in “trustless” betting. This means funds are held in your own wallet, until a bet is wagered at which time funds are held in escrow by a smart contract that will automatically resolve bets based on information from a preordained and independent data oracle. All of this occurs outside the control and free of biases of the controlling organization. Smart contracts are perfectly catered to betting and allow for the automatic execution of code based on a result fed in from a predefined source, this allows for the resolution of bets to occur exactly as intended and payouts to occur automatically.

/2

### Unreasonably high margins charged to process bets.

Sportsbooks generally charge up to 5% margins on all online wagers, rendering long-term profitability a pipedream for most bettors. FansUnite wants to create a more equitable and fair pricing model for bettors, all while still making a reasonable profit. The 1% margin FansUnite will charge on all bets represents an 80% reduction in fees and will set a new standard in the industry.

The importance of this fee reduction to bettors cannot be overstated. The breakeven point for profitability drops from a 52.4% win percentage to just **50.5%**. We believe this represents a massive incentive for serious bettors to migrate to our platform.



/ 3

### Limits and restrictions on successful bettors

Experienced and successful bettors are all too familiar with sportsbooks severely limiting their bets, or worse yet, restricting what sports they are able to bet on. In the betting world, many books claim to have a 'winners welcome' approach but in actuality almost none of them actually follow through with this. FansUnite will limit events but never bettors, successful individuals are encouraged and will benefit our value proposition as a cooperative community of profitable bettors.

/ 4

### Entrusting of financial information and funds to centralized single points of failure <sup>7</sup>.

Massive cyberattacks compromising swaths of financial information occur frequently<sup>8</sup>. This risk is negated through the use of blockchain technology where financial information is not required, personal information is cursory, and your only identifier is a blockchain address.

FansUnite will not store know your customer ("KYC") required data, and instead, when possible, will utilize identity technology from industry leaders such as uPort and Civic to allow safe, private, single-click sign-ups. FansUnite is not removing the requirement of KYC prior to the use of the FansUnite platform. Rather, this requirement will be satisfied through the use of platforms such as uPort or Civic.

/ 5

### Lack of transparency in operations, bet resolution and statistics.

FansUnite was founded with transparency as a core tenet of our previous platform, bringing verifiable records and transparent performance to the sports handicapping industry. This central principle still drives FansUnite today, with our new sports betting platform delivering transparency in multiple facets. First, by storing all pertinent bet information on the blockchain, and utilizing smart contracts and oracles, bettors will be able to review bet contracts prior to betting and review prior bets entered with confidence that data is immutably stored on the blockchain. Further, with regards to highly valuable betting information for both the individual player and on betting volume and dollar amounts wagered on markets. This provides valuable insight into a bettors' individual performance and into industry insights that would previously have been shrouded in secrecy. Lastly, with a team accustomed to the disclosure requirements required of public entities, FansUnite will provide full disclosure of all pertinent company information to token holders.

<sup>7</sup> "5Dimes Fraud Claims Continue - Safest Betting Sites." 15 Feb. 2017. <https://www.safestbettingsites.com/news/5dimes-fraud-claims-continue>. Accessed 22 Jun. 2017.

<sup>8</sup> "Why and how businesses should protect against data ... - Phys.org." 24 Apr. 2017. <https://phys.org/news/2017-04-businesses-breaches.html>. Accessed 25 Jun. 2017.

## 5.0 - Outline for a Solution

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FansUnite plans to bring together a sports betting community unlike any other. While doing so, the team will solve many of the problems that stem from depending on a single centralized third party to handle your winnings.

FansUnite will provide a social sports betting platform that delivers the following:

### The Best Odds.

Traditional sportsbooks routinely charge the individual bettor a margin as high as 4.7% on their wager. FansUnite will drastically lower this margin to an industry leading 1% on all bets taken (see section 6.5 1% Margin).

The margin will be used to cover operating costs including: development, legal, business development and extensive marketing efforts to aid rapid user acquisition. With existing sportsbooks charging, on average, a 4.7% margin on all bets, a bettor routinely has to risk \$110 to win \$100, requiring a 52.4% win percentage to break even. FansUnite helps all bettors by lowering the break even threshold from 52.4% to just 50.5%. This means that a bettor with an 11-10 record, who would previously have been breaking even, will now be profitable in the long run.

FansUnite is able to offer these odds because the platform will utilize an ensemble of advanced machine learning algorithms in order to produce our lines. This means our risk management team is able to run lean and efficiently, requiring only a few members, and savings are passed directly to the customer in the form of industry leading margins.

### Fast Payouts.

Not only should online betting be cost-effective and without unsustainable transaction costs, but funds should also be transferred in a timely manner. In pursuit of faster payouts, FansUnite has settled on a Hybrid Oracle in order to optimize both speed of resolution and verifiability of results. FansUnite's Hybrid Oracle will consist of five Data Oracles, each responsible for collecting data from an independent data source, and one Consensus Service, that will handle the business logic of aggregating these data feeds to reach consensus and resolve events.

These API feeds update event information quickly, which means members get tokens back in their wallets almost immediately after an event. This approach results in quick payouts, while still providing bettors with full security that bets will be resolved correctly thanks to the use of immutable smart contracts.

## Cooperative Community.

The FansUnite platform has been designed and experimented with to encourage viral uptake. FansUnite will implement several social mechanisms to encourage large-scale adoption of the platform and the fostering of a unique sports betting community (see 6.3 Community Incentive Plan). These mechanisms will benefit the community by allowing members to find genuinely profitable bettors, and by incentivizing bettors with large followings to come to our platform driving user adoption and demand for the token.

## Trustless Betting.

FansUnite's goal is to transition control over bet resolution from a third party, such as traditional sportsbooks, to smart contracts within the FansUnite platform. Smart contracts allow two sides to enter into an agreement contingent on the outcome of an event, with funds escrowed from each side prior to the event, and automatic resolution once the Hybrid Oracle resolves an event (see section 7.2 Hybrid Oracle Solution). Trustless betting is the future, avoiding the need to leave your bets and funds in the hands of a centralized third party with a vested interest in the outcome.

## FansUnite Token Value.

Participants in the upcoming Token Generation Event may choose to utilize FansUnite Tokens for immediate wagering on the FansUnite platform, or to hold FansUnite Tokens for betting as purchasing power appreciates. As demand for the FansUnite platform increases,

demand for FansUnite Tokens will rise, and members will have even more betting power per token held. FansUnite Token value is tied to the speculative value of the FansUnite Token itself on the open market as well as the utility and use of the FansUnite Token on the FansUnite platform. FansUnite Token holders will also be able to participate in our Community Incentive Program (for more information see 6.4 Community Incentive Plan).

## Transparency.

FansUnite was founded upon a desire for transparency in the sports betting industry. As a result, transparency is a fundamental principle entrenched into how FansUnite operates. The platform is designed to provide members with an honest picture of both their own and other members' betting histories and to use blockchain technology to provide an immutable record of transactions. Utilizing blockchain technology ensures that there is a concrete and auditable trail of transactions, so members can be assured that the data they are looking at is correct.

Further, it is one of our mandates to ensure that FansUnite meets or exceeds disclosure requirements of public companies where possible. There are three obvious reasons to do this: 1) to pursue regulatory compliance if regulations are ratified; 2) to provide further transparency to our FansUnite Token holders; and 3) to increase points of contact with interested parties. Additionally, FansUnite aims to release statistics detailing the platform's market activity across regions, sports, leagues, sectors, exposures and more. The ability to aggregate this information will provide FansUnite Token holders an unparalleled view of the betting marketplace.

## Security and Privacy.

The FansUnite platform leverages blockchain technology, which offers all participants consistent, shared and secured processes. Our smart contracts allow members to engage in trustless betting where members can be assured that bets cannot be altered.

FansUnite has made a conscious decision to operate in full compliance with current legal regulations for jurisdictions it is operating within. This may necessitate the acquiring of basic personal information that will be stored securely in a database; however, no financial information will be needed, reducing the risk of sensitive information being compromised. Self-sovereign identity technology from industry leaders, such as uPort and Civic, will be implemented at a later date to allow safe, private, single-click sign-ups. We believe that it is in the best interest of the community to support this approach as significant risks exist for the core development team and token holders of other projects that attempt to avoid regulatory compliance. FansUnite is also actively seeking partnerships with other innovative blockchain platforms to assist in ease of signup and safe storage of personal information.

## Governance.

The FansUnite team strongly believes that community members should decide how the technology platform evolves. FansUnite Token holders will have the ability to choose the development path for the platform and to vote on the products and services we offer. For each decision proposed to the community, the FansUnite Token will be cloned into a FansUnite

feedback token. The more FansUnite Tokens a stakeholder holds at the time of a call for feedback, the more weight will be given to that stakeholder's feedback. This strategy ensures that stakeholders influence will align with their level of investment and interest. FansUnite Tokens are not spent during a vote.

## Responsible Gaming Initiatives.

FansUnite is committed to promoting socially responsible gaming, working with FansUnite members, employees and relevant industry stakeholders to help combat problem gaming. Below are statements of principle that FansUnite intends to follow when adopting its eventual responsible gaming policy:

Protection of Minors: FansUnite will take all commercially reasonable steps to prevent any person from utilizing the FansUnite platform unless such person is at least eighteen years of age, or the age that is required by applicable legislation.

Prevention of Compulsive Gaming: FansUnite will allow a member, at the member's request, to suspend such member's ability to use the FansUnite platform.

Self-Imposed Limits: FansUnite will allow a member to put self-imposed limits on the volume of a member's risked FansUnite Tokens.

Review of Game and User History: FansUnite will provide each member with the ability to review that member's betting history. Further, FansUnite will also allow access for review of the volume of FansUnite Tokens risked on a given event.

## 6.0 - FansUnite Platform

### 6.1 Circulating Token Supply

The FansUnite token will be used for all platform actions, including betting, paying out players, and for rewards from the Community Incentive Program (see 6.3 Community Incentive Program). FansUnite Token works as a medium to reward or get rewarded for participation on the platform. The initial supply of FansUnite Token will be created during a single event.

For more details concerning the Use of Proceeds and Token Distribution, please see the Token Offering Memorandum.

### 6.2 Platform Supply Pool

The Platform Supply Pool will be seeded with FansUnite Tokens. The Platform Supply Pool will serve the following purposes:

- Serve as the pool from which all losses are collected into and all winnings are paid out of. FansUnite anticipates that with large betting volume and appropriately adjusted odds that this pool will gradually increase due to a portion of the betting margin being allocated (see 6.5 1% Margin). However, mechanisms to handle the unlikely case of both extreme expansion or depletion of this pool must be set in place. In the extreme case that the supply pool is nearly depleted, funds will be raised from a portion of the the betting margin set aside and if necessary augmented by FansUnite Tokens that were initially withheld. In the case of expansion of this pool, FansUnite will trigger a redistribution event of excess FansUnite Tokens held in the Platform Supply Pool in accordance with the Community Incentive Plan (see 6.3 Community Incentive Plan). This will allow new members to enter the community, aiding user acquisition, and allow for our most valued members to participate in the distributed FansUnite Tokens.
- Payout rightful claimants if it is determined that a disputed bet was resolved incorrectly. In such a scenario, funds will be issued out of the Platform Supply Pool to correct the improper result (see 7.3 Dispute Resolution).

## 6.3 Community Incentive Plan

A primary goal of FansUnite is to drive rapid acquisition of both market share and members. To that end, having a large portion of FansUnite Tokens exit circulation and trapped in the Platform Supply Pool, out of the hands of our FansUnite Token holders, would not be conducive to achieving these goals. The Community Incentive Plan is a critical component to both managing FansUnite Token supply and supporting new user acquisition on the FansUnite platform. In addition, it will reward our most active and valued members by taking into account both betting volume and participation in the unique sports betting community FansUnite is building.

As the Platform Supply Pool increases, FansUnite will conduct periodic redistribution events to bring new members to the platform and reward existing members with FansUnite Tokens. This redistribution amount will never result in a diminishing of the Platform Supply Pool below the initial seed amount of 120,000,000 FAN. A portion of FansUnite Tokens from such redistribution events will be sold at market value to cover any outstanding operating costs, the remainder will be redistributed to community members based on participation on the platform.

The entirety of the weighting for our Community Incentive Program is based upon actions that we wish to encourage amongst our community members. This will include metrics such as: member betting volume, posting bet rationale with your picks, number of followers and social sharing. FansUnite believes that our FansUnite Token holders should be rewarded for helping us build this great sports betting community that we envision.

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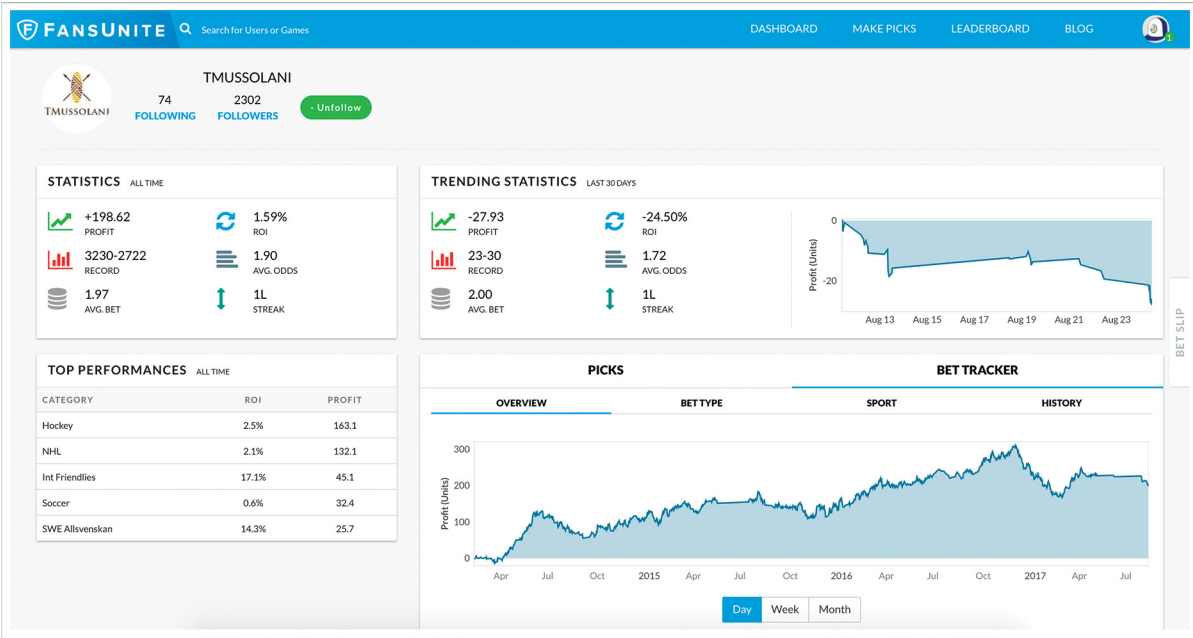
# 6.4 Social Network

Each FansUnite member can opt-in to having a publicly visible profile, identified by a custom username or public address (to maintain further anonymity). The incentive for a member to opt-in to having a publicly visible profile is to partake in the Community Incentive Plan (described in 6.3 Community Incentive Plan).

Each member profile will contain important statistics related to that member’s betting history, including performance in respective leagues, overall profit, return on investment percentage, betting records, average bets, and so on.

FansUnite believes in transparency and teamwork. Incentives to encourage members to make their profiles public is in keeping with these values. The verified and transparent social aspects of FansUnite will allow bettors to find other profitable members and help eliminate the need for shady touts. Further, these tools, which will display performance statistics, will also aid the individual bettor in analyzing their own strengths and weaknesses, thereby helping them become more profitable.

A screenshot of the member profiles on the existing FansUnite system is provided below:



Note: this screenshot is not demonstrative of how the profiles will look on the FansUnite platform released in accordance with this Token Generation Event.

# 6.5 1% Margin

FansUnite will be charging an industry low 1% margin on all bets placed on our platform. This amount will be used to finance operating costs including: developer salaries, marketing costs, legal, gaming licenses and more. A minimum of 25% of the betting margin will be allocated to the Platform Supply Pool.

# 7.0 - Technical Architecture

## 7.1 Ethereum & Smart Contracts

Ethereum is a public decentralized blockchain featuring smart contract functionality that facilitates online contractual agreements. FansUnite will utilize smart contracts to store all the pertinent information required to facilitate trustless betting on the Ethereum blockchain, which includes:

- Event information such as start time and participants;
- Bet information such as odds, bet type, and wager amount; and
- Oracles selected for providing outcome of the event.

## 7.2 Hybrid Oracle Solution

FansUnite agrees with the model outlined by Gnosis<sup>10</sup>, wherein a Hybrid Oracle system optimizes both cost and bet resolution time, leading to a preferable solution over a fully decentralized system. To this end, FansUnite's system will employ five Data Oracles, each responsible for requesting data from an independent data source. A Consensus Contract will then handle the business logic of agreeing the data provided by these Data Oracles for the resolution of events and bets. We believe that information corroborated by this array of independent data sources will provide sufficient assurance to our members as to the accuracy of our results in 99.9% of cases. This will allow us to resolve bets in close to real-time and return funds to our members significantly faster than otherwise possible under a fully decentralized approach.

## 7.3 Dispute Resolution

A dispute resolution system will still be in place for members to manually trigger in the event they feel a bet has been graded incorrectly. A member will be able to trigger a secondary grading of the event by placing a deposit equivalent to the greater of i) FansUnite Tokens equivalent to \$10 (USD), or ii) 5% of the disputed amount. While FansUnite wants to ensure that all betting engaged on the platform is trustless and resolved through the use of smart contracts, should disputes arise we will resort to a manual review to determine the veracity of the bet result.

## 7.4 Managed Server

A managed server (such as Node.js) will be used for maintaining information that isn't required to facilitate trustless betting. Careful consideration was taken into account for reducing gas costs while still providing a trustless betting solution where members can clearly see that bets will be resolved fairly. Consensus agreement regarding event and betting opportunity creation will be handled on the managed server, significantly reducing gas cost compared to managing these aspects on the blockchain. Additionally, social components of the platform such as following users, discussions and chatting will be managed off the blockchain using traditional databases (such as PostgreSQL) to optimize for speed, scalability and cost.

<sup>10</sup> "Whitepaper - 05.04.2017 - Gnosis." 5 Apr. 2017. [https://gnosis.pm/resources/default/pdf/gnosis\\_whitepaper.pdf](https://gnosis.pm/resources/default/pdf/gnosis_whitepaper.pdf). Accessed 25 Jun. 2017.

## 7.5 Client / Web Applications

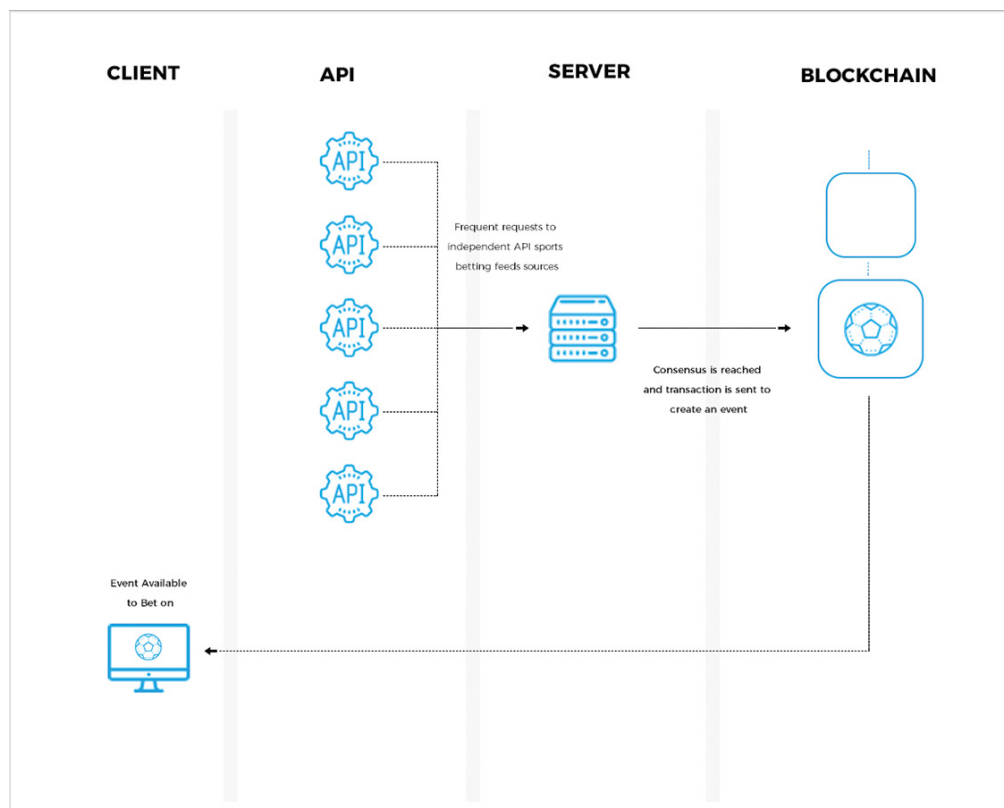
FansUnite understands that it is necessary to build user-friendly client applications to foster widespread adoption of the platform. Both web and mobile applications will be built using a combination of Web3.js, Javascript frameworks (such as Vue.js and Weex), HTML and CSS. Additionally, the InterPlanetary File System (IPFS) will be used in any situation where it is technically feasible in order to minimize information saved on chain and optimize gas costs.

## 7.6 Risk Management

Proper risk management will be employed on every betting option to reduce liability on any given event. As liability increases on one side of a bet, odds will adjust to attract more wagers on the other side, with the goal of decreasing overall liability. Additionally, the risk management team will calculate the upper allowable FansUnite Token bet limit using the current liability to prevent overexposure on any side.

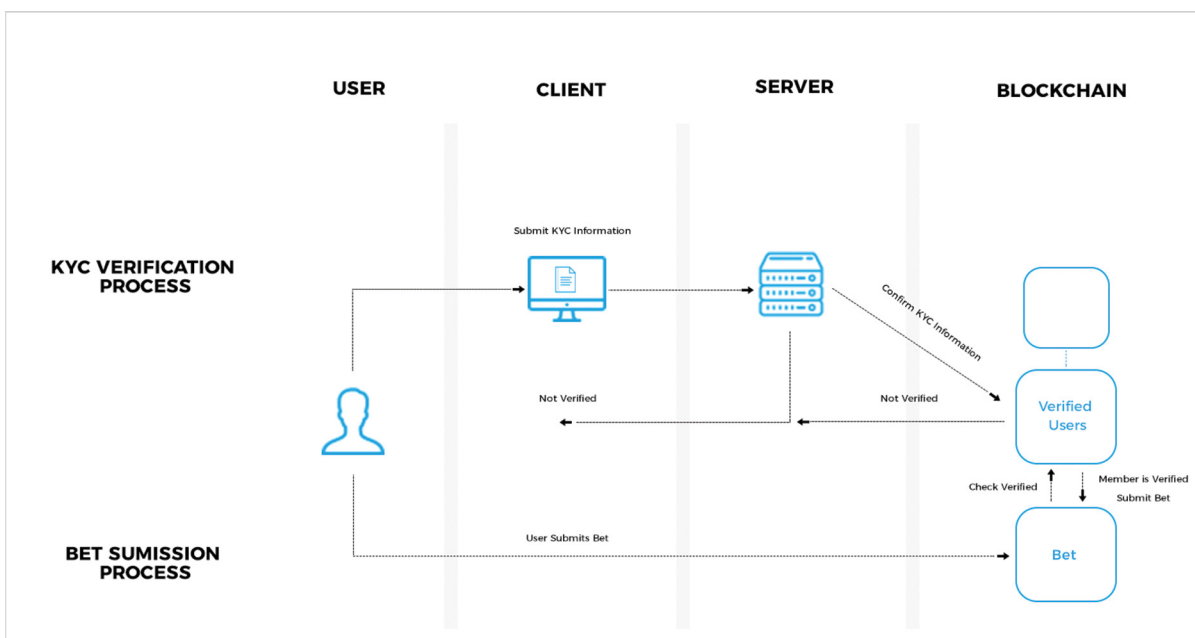
## 7.7 Technical Process - Event Creation

Event and betting option creation will be managed on a server using a methodology consistent with the Hybrid Oracle solution. FansUnite will employ five API feeds that will frequently request data from independent sources. Once 100% consensus is reached a transaction will be sent to the blockchain to create a new event and members will then be able to view and submit bets on the client application.



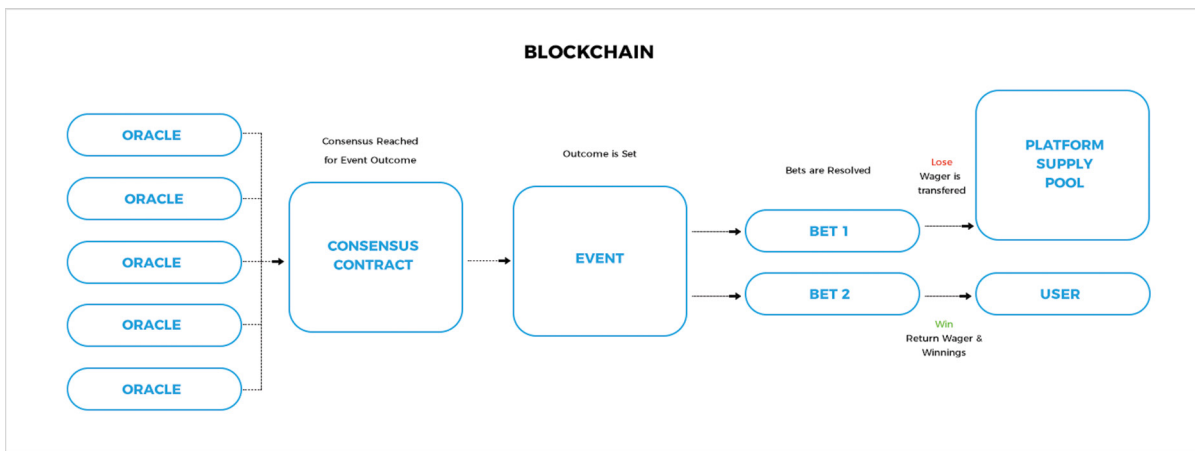
## 7.8 Technical Process - Bet Submission

Prior to betting on the FansUnite platform, members will have to go through the proper KYC to validate they are from a legal jurisdiction. Once validated, their public address will be stored in our contract permanently, and any legitimate bets submitted from their address will be accepted. Members can submit bet transactions directly from a wallet such as MetaMask. For those who are less technologically savvy, the option to deposit FansUnite Tokens and bet directly from the platform will also be available. The FansUnite team values security and transparency and understands that the latter option introduces some risk for a member to entrust their FansUnite Tokens to FansUnite. However, we feel the tradeoff for increased usability will benefit the goal of fostering widespread adoption of the platform.



## 7.9 Technical Process - Bet Resolution

Each event created on the blockchain includes five Data Oracles that will ultimately provide the outcome of the event used to settle all the bets made. The oracles will periodically query independent API feeds (using an oracle service such as Oraclize) for the outcome of the event. Once consensus is reached across all five oracles, the outcome will be set on the event and trigger the resolution of bets made. If a bet is lost, FansUnite Tokens that were held in escrow will be transferred to the Platform Supply Pool. If a bet is won, FansUnite Tokens held in escrow will be returned to the member and winnings paid out from the Platform Supply Pool.



## 8.0 - Summary

FansUnite believes that today's sports bettors deserve more than what they've grown accustomed to from traditional sportsbooks. FansUnite will be the catalyst for this positive change by building a decentralized betting platform built on the Ethereum blockchain that solves many of the issues faced by bettors today. These issues include:

- Manipulation of bets and dispute of results of bets post-match;
- Risk of loss from legislative action or closure; and
- Entrusting of financial information to "trusted" third parties in poorly regulated markets.

The FansUnite platform will provide a more profitable, private and pleasurable betting experience, not only by offering bettors an industry leading 1% margin on all bets, but by fostering a sense of community amongst sports bettors by incentivizing cooperation.

FansUnite will be the first betting platform to incorporate social concepts with member profiles, analytics over members' betting history, and the ability to follow other profitable bettors. Further, this is all made possible through use of blockchain technology.

Since its inception, FansUnite has prided itself on improving conditions for sports bettors. The FansUnite team initially operated a free-to-play virtual sportsbook where bettors could collaborate, share picks and improve their odds against the house. This growth into real money sports betting is a natural progression for the platform and FansUnite brand.

FansUnite is going to change the way the world bets. The team at FansUnite pledges to deliver a platform that provides bettors with:

- Industry low 1% margin to lower the threshold for profitability;
- Social initiatives designed to leverage crowd-sourced data to aid your betting; and
- Verifiability and security made possible through the utilization of smart contracts on the blockchain.

Join the 1% and help us bring betting onto the blockchain.



Welcome to FansUnite - **creating a house where everyone can win.**