

digits

WHITE PAPER

Digits aims to turn any credit or debit card in the world into a crypto card. Our technology sets out to increase the liquidity and stability of cryptocurrency while potentially stimulating the crypto economy worldwide.

Our goal is to achieve this without modification of the existing credit or debit card networks making cryptocurrency as easy for merchants to accept as credit and debit cards.

*We turn any
debit or credit card
in the world into a
crypto card*



TABLE OF CONTENTS

SUMMARY	2	MARKET	17
PROBLEM	3	BUSINESS DEVELOPMENT	18
CONSUMER SOLUTION	4	USE OF FUNDS	20
INDUSTRY SOLUTION	6	ICO	21
HEDGE LENDING NETWORK™	7	HOW TO PARTICIPATE	22
TECHNOLOGY	9	TOKEN DISTRIBUTION	23
THE API	10	ROADMAP	24
INTEGRATION	11	OUTLOOK	25
SECURITY & FRAUD	12	LEGAL	26
TEAM	13	CONTACT	27



Digits will combine the convenience of credit and debit card payments with the utility of cryptocurrency payments. People and businesses hold over 1.5 billion credit and debit cards worldwide, and these are used every day to buy goods and services. Credit and debit cards are easy to use, ubiquitous, and require the user to do nothing more than swipe, dip or tap his or her card at the point of sale. On the other hand, cryptocurrency is, in spite of growing exponentially, very hard for the average consumer to use. We propose a system to make cryptocurrency as easy to use by the average consumer as their credit or debit card. We will do this by integrating the cryptocurrency market into the credit and debit card market so that people who hold cryptocurrency can effortlessly pay for goods and services via their existing credit or debit card.

There are two main problems with cryptocurrencies that warrant mention:

- 1) Settlement delay. This refers to the amount of time it takes for transactions to be recorded.
- 2) Market Volatility. This refers to the fact that the market price of a given cryptocurrency bounces around a lot.

Compare this to traditional fiat markets: the price of the US dollar is stable for businesses and people transacting in it, and settlement time on fiat-denominated payment networks, such as VISA's, is instantaneous. Practically speaking, this means that if you go to the deli to buy a \$5 sandwich, you, the consumer, can be sure that you will be charged \$5, and not, say \$7, for the purchase, and the deli can be assured that it will receive from its bank \$5 electronically, less certain predictable payment processing fees.

Cryptocurrencies and their underlying blockchain technology have the potential to transform consumer payments and the merchant services market. Digits believes that it can connect the cryptocurrency market to the traditional credit card and debit card merchant services market.

Customers will use a token as a means of transacting in the Digits network. This token, called "DSI," is a security token that can also be a utility token that can possibly be used to transact on the network.



While more people are buying cryptocurrencies, their use as a traditional currency for payment of goods and services remains negligible. There are many reasons for this, including:

- Cryptocurrencies are a new market.
- There are multiple competing currencies, whose differences confuse the average consumer.
- User interfaces are awkward for the average consumer.
- Cryptocurrencies are highly volatile.
- Complex onboarding process for new users.
- Low liquidity.
- Long variable settlement times.
- Push payment methodology.
- Few vendors accept cryptocurrency.
- Restrictive settlement times.
- Fee structure uncertainty.

The entire traditional payments ecosystem relies on pull payment methodology. This means that when a debit or credit card is used, the current payment technology pulls the money from the cardholder's account automatically. Cryptocurrency payments differ in that they work on a push payment methodology. This means that the cryptocurrency user must push a certain amount of cryptocurrency to the receiver. This creates certain limitations in simplifying the payment process for cryptocurrency and creates a significant barrier for the average consumer to buy goods and services easily. While many of these problems are being resolved as technology matures, we believe that Digits can uniquely provide the average consumer with a simple way to pay with cryptocurrency. Doing this successfully will speed merchant and consumer adoption of cryptocurrency, and provide developers an incentive to build better systems.

CONSUMER SOLUTION

Most consumers in the developed world, and increasingly in the developing world, hold a unique identifier that they use in their daily purchase of goods and services. This identifier is the unique 16-digit number printed on their credit or debit card. Within the credit and debit card industry, this number is referred to as the ISO/IEC 7812 standard and the new 19-digit standard ISO/IEC 7812-2.

A purchase is made at a retail store or online using the 16-digit credit or debit card registered with Digits.

On the back end, the purchase is paid for instantly using our Instant Merchant Funding technology. This enables the possibility of the merchant to be paid in the same period of time and to be charged the same fee they would have paid had the consumer's registered credit or debit card been accepted.

We then use the consumer's 16-digit registered card number as a token to unlock their cryptocurrency wallet (such as Coinbase). A small fee is added to the purchase price of the item and we automatically push funds from the consumer's crypto wallet to Digits crypto wallet. It's that simple on the surface.

Our technology will allow the consumer to use their credit or debit card in exactly the same way he or she does today with one critical difference; when the consumer pays with a credit or debit card registered with Digits, payment is made with cryptocurrency instead of fiat currency.

Digits will have a number of advanced features that will allow this process to run smoothly and securely:

Built in Security Protection - Our system is designed to have two levels of advanced transaction to as secure as the average credit card transaction. For small transactions, we use a situational awareness engine to automatically authorize certain transactions based upon geolocation and other data points. Any other transaction is authorized through a simple two factor authorization process through the app or through SMS.

The Built in Security Protection should protect each transaction at a more secure level than the average credit or debit card transaction.

Automatic Fall Back - If for any reason the cryptocurrency transaction does not go through, such as lack of cryptocurrency funds, no security validation, or exchange issues, then the transaction falls back automatically to the original card.

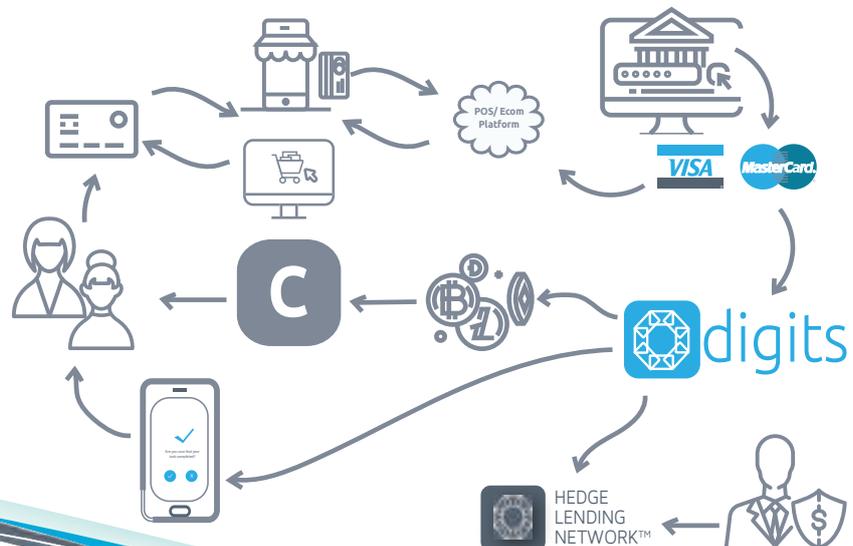
The diagram below is a high level representation of the Digits process and the relationship between the consumer, merchant, processors, payment networks and banks.

One of the key benefits of Digits for consumers is the Digits Hedge Lending Network™. Each purchase made is an automated instant loan backed by a cryptocurrency asset, therefore not triggering a short term taxable event for the consumer. This provides the consumer with liquidity without the headaches of price fluctuations or the tax implications of normal short-term gains. This process is designed to be completely frictionless to the consumer.

The tax implications and benefits could change depending on the jurisdiction and future decisions of the regulatory framework, which are outside of Digits control.

Merchants do not need to change any process in order to accept cryptocurrencies via Digits. The settlement times, processes, and fees, are exactly the same as they experience today. They can enable cryptocurrency without any additional merchant account or agreement.

Traditional payment networks such as Visa, MasterCard and AMEX process over \$100 billion transactions a year worldwide. One of the reasons for the success of these companies is the ubiquitous nature and cross compatibility that operates in the market.





ON THE PURCHASE SIDE, DIGITS RIDES TRADITIONAL CARD RAILS

One of the weaknesses of Bitcoin is its theoretical transaction limit of 7 transactions per second. In comparison, Visa’s network processing speed is thought to be capable of 24,000 per second. Digits will use some features of the block chain enabled decentralized network infrastructure with centralized cloud services to deliver a processing infrastructure designed to compete with leading providers while adding the benefit of decentralization.

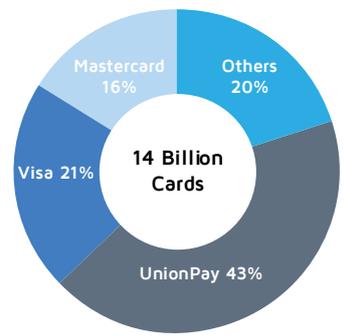
As the settlement of the transaction happens on the traditional Visa, MasterCard and AMEX network rails via our Instant Merchant Funding technology, the end result to the merchant is always business as usual. This allows Digits to provide other consumer finance related services in the future through participating merchants like credit facilities, microloans and buy now, pay later facilities. Such services are subject to compliance and regulatory control in certain jurisdictions and each will be evaluated on market demand and compliance issues. Even though we have the ability to settle on the Visa and MasterCard and AMEX networks this should not imply a direct relationship with those networks. Much like a merchant does not have a direct relationship with the networks Digits technology does not rely on a relationship with those networks.

INSTANT MERCHANT FUNDING

In traditional card transactions, the credit or debit card account is charged for the goods or services which rely on a banking relationship between the consumer and a banking institution.

With Digits, there is no need for the consumer to have a formal relationship with a bank. In fact, Digits can use any card such as a pre-pay card from a supermarket to deliver its service. As long as it has a 15 digit (AMEX) or 16 digit (standard) or the new 19-digit unique identifier, the card can be used by Digits by simply registering it on the Digits website.

How does Digits get the fiat currency into the merchant’s bank? We use something called Instant Merchant Funding technology which is proprietary to Digits. Instant Merchant Funding allows Digits to fund any transaction for a merchant on the Visa, MasterCard or AMEX rails without the merchant having to change any relationship or process that they have today. Our Instant Merchant Funding funds through a series of Digits issued virtual cards that are automatically chosen on the backend to maximize efficiency and match the merchant’s cost.



Share of payment cards worldwide by scheme, 2016 source: Global Payment Cards Data and Forecasts to 2022 (RBR)

The Digits Hedge Lending Network™ is a new financial instrument that combines the power of instant lending with the stabilizing effects of a futures market.

The Hedge Lending Network™ is an important financial instrument for Digits for two reasons:

- 1) Cryptocurrencies are volatile; therefore, the purchase price and the settlement price can be significantly different given that a transaction can take days to settle on a cryptocurrency network.
- 2) When money is liquidated from a cryptocurrency wallet it is considered by some jurisdictions as a taxable event. Due to the fact that we advance monies for the consumer's purchase, it would be considered as a loan in most jurisdictions and potentially not subject to short term capital gains tax.

HOW DOES THE HEDGE LENDING NETWORK™ WORK?

Hedging is a financial instrument which is defined "as a strategy intended to protect an investment or portfolio against loss." Many investors use hedging as a financial instrument to protect their downside or as a tool to generate gains based upon the upside.

The ability to hedge in cryptocurrencies is still in its nascent stages, however market demand from both investors and applications is growing significantly as shown by the success of HedgeToken(HDG) and BlockTower Capital.

Hedging is critical in consumer purchasing because the merchant needs to end up with the money they specified for the purchase. Without hedging the transaction, Digits would be exposed to the risk of price fluctuations in the market. Rather than take that unknown risk, we have created the Hedge Lending Network™ to mitigate our risks.

Digits Hedge Lending Network™ is set up through a number of Ethereum Erc20 smart contracts that are automatically designed to trigger when a purchase is made, then settled, then liquidated, or held in escrow to help the consumer to wait a year or more thus avoiding short-term capital gain tax.

The entire process is both completely automated and transparent on the blockchain.

A contract consists of a hedge price, an interest amount and a principal amount. These are all automatically optimized by artificial intelligence algorithms for the Hedge Lending Network™ depending on the current trading conditions on the Hedge Lending Network™.

The principal amount is always slightly higher than the actual loan amount in order to cover fluctuations in the cryptocurrency market. Again, this is defined by the optimization of artificial intelligence algorithms in the Hedge Lending Networks.

The smart contract covers all outcomes of the contract. If the price of cryptocurrency goes down it will either pull more cryptocurrency from the consumer's Coinbase wallet or it will start liquidating the asset to cover the downside exposure to keep the loan over-collateralized as per the smart contract.

The hedge component is used to lower the cost of the loan, and in some cases, may even exceed the interest rate therefore producing an income generating loan while the hedge is in place.

It is important to note that Digits does not need the Hedge Lending Network™ to function as we can use other cryptocurrency hedging services. By implementing the Hedge Lending Network™ we can reduce the cost of using the Digits product substantially, possibly allowing a situation where the community can liquidate their cryptocurrency assets for free.

We believe that Digits can generate significant additional revenue here based upon small transaction fees for using the network.

In the event that the hedging and loan fees do not cover the processing costs we may opt to exercise our right per the agreement with our users to increase the 1% fee, or to absorb the loss on a minor portion of the transactions. Our ultimate goal for the community is that the network and hedging loan revenue will cover all other transaction costs to maintain a maximum 1% fee per transaction.

MOBILE APP

Digits will be building an easy-to-use consumer app that allows the authorization of transactions and the modification of account details by the user. This will include but not be limited to:

- Register a default debit or credit card.
- Register a default cryptocurrency wallet (like Coinbase).
- Select the default cryptocurrency to access from within the wallet.
- Turn on/off Digits so the purchase isn't paid for with cryptocurrency.
- Add or delete cards.
- Change user settings and preferences.
- Get notifications in real time that a purchase was made.
- Get notifications in real time when the crypto transaction funded.
- Get a receipt of cryptocurrency withdrawn, exchange rates and fees.

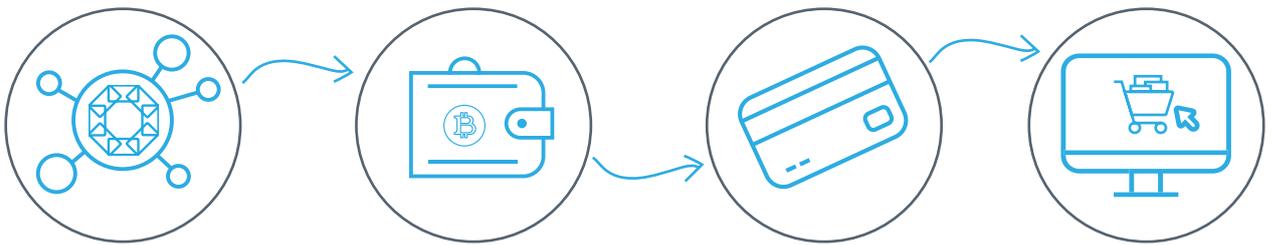
Without the app, consumers will still be able to access the same functions via the website and Digits will communicate via SMS.



DIGITS API

The Digits API is a REST API built for simplicity and easy implementation. It will allow any registered website with our token to communicate transactions to our API.

Our API connects the consumer's wallet to the transaction and to the Hedge Lending Network™ in real time, allowing the authorization, debit,



lending and settlement of the transaction to occur immediately.

HEDGE LENDING TECHNOLOGY

The Hedge Lending Network™ is a real-time marketplace optimized by artificial intelligence to choose the best outcome for both consumer and lender in real time. The marketplace will not be able to achieve peak efficiency until the learning algorithms have enough data to make predictions, and we believe existing hedging and lending algorithms can be optimized to provide best in class matching across the marketplace with artificial intelligence increasing our efficiency over time.

LEAST COST TAX ROUTING

The consumer will be able to access multiple crypto wallets and currencies, and later in the product map we plan to build a least cost routing algorithm that optimizes any cryptocurrency liquidation to optimize for tax impact by automatically choosing the currencies in the wallet that have the lowest tax burden based upon purchase date and value increase.



INTEGRATING DIGITS

Digits can be integrated at a number of levels in the payment ecosystem.

Plugins - We will create a number of seamless plugins that are compatible with the leading e-commerce platforms in the world. This will allow us to integrate with the millions of merchants that transact on these platforms without any integration overhead. Initially, we will support: WooCommerce, Magento and BigCommerce.

Platforms - Platforms like Shopify, Freshbooks and UpWork are used by thousands of merchants via a single piece of software functionality. These platforms can integrate into our simple API that will enable cryptocurrency payments across their entire merchant base.

Processors - The four largest payment gateways process 70% of all US transactions. Implementing Digits at this level could empower millions of merchants to process cryptocurrency as easily as a credit card or debit card.

Digits is designed to have the minimum impact on our integrated partners. We intend to provide a wide range of plugins which would allow millions of e-commerce sites to integrate with us with minimum friction. What makes Digits so simple is that we do not require any new information, fields or processes to be implemented on the frontend in order to allow customers to pay via crypto payment.

Digits API simply sits between the merchant and their shopping cart software or the merchant and their payment gateway. The only change that happens in the software platform or payment gateway is an API call that is first made to Digits to see if the card entered is a match with a Digits user. The call to the Digits API will contain a hashed version of the credit or debit card number for security purposes. Our system will check each credit or debit card entered against our registered cards. If a match is found, it determines if the consumer has enough Cryptocurrency to perform the transaction instantaneously. If so, it requests transaction approval from the consumer.

If approved by the consumer, it approves the Instant Merchant Funding so the merchant is paid as usual. As a final step, once a transaction is approved, the consumer must approve the transaction via their Digits app or via SMS. Because this process is nearly instantaneous, no interruption will occur to a transaction that is declined by the Digits network but approved by the traditional network.



SECURITY AND FRAUD

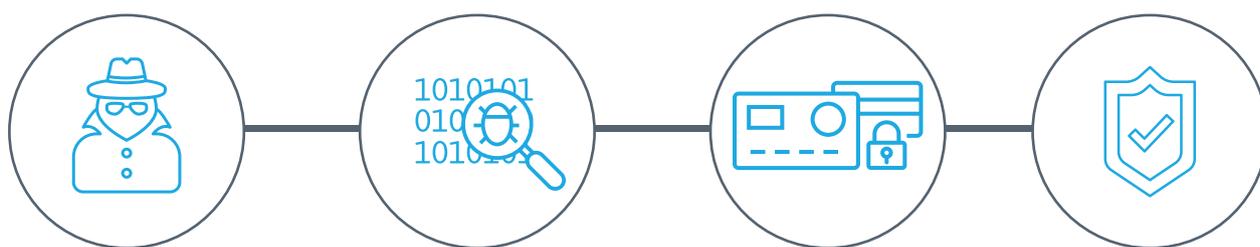
As a payment company we take security very seriously, and while we do not need to adhere to PCI compliance (as we are not storing any credit or debit card information) we will always endeavor to exceed the security recommendations in the PCI compliance process. Our team has extensive security and PCI compliance experience so we will always aim to keep all data and personal information secure. Also, where possible, Digits will always operate in a SSL environment on a well-known and secure distributed cloud network.

Digits will use hash encryption on the 16-digit card number so that Digits never has access to the actual card number. Our API will require the hashing of the 16-digit card number before it is sent to the Digits API.

Digits only checks the hash of the user's entered card and the hash of the card being authorized. We never touch or store any card details or personal information which takes us out of PCI compliance.

All transactions are authorized by the user, therefore, there is likely to be a substantial reduced in fraud and chargebacks, which could be seen as an added merchant benefit.

Digits operates in two potentially significant markets, cryptocurrency payments and traditional credit and debit card payments.





BEN WAY, CEO

Ben is an acclaimed startup technologist, inventor, and serial entrepreneur based in Silicon Valley. He has advised some of the world's leading institutions, including the White House. He is a best-selling author, recipient of the millennium entrepreneur of the year award and was named a top 50 UK Influencer in 2016. His crypto credentials are wide ranging from advising Tradehill founders in 2011 to strategizing on the roll out of the largest Bitcoin mining operation in San Francisco.



LAURA WAGNER, CCO

Laura is a high-energy strategic visionary known for proven and profitable niche solutions in the payments space. She began her career more than 20 years ago when she pioneered card acceptance in McDonald's. More recently, she launched the first real-time white label merchant boarding solution for software platforms. She believes that commerce should be magical for all involved. Making crypto payments painless with Digits is her new passion project.



LEO PATCHING, COO

Leo is an active investor, c-level executive and board advisor who takes start-ups from conception into sound, structured and profitable ventures. He has traveled the world holding senior roles in both private and public companies in a wide range of industries. Leo is an active crypto investor with a keen eye for capable teams, innovative solutions, massive markets and long-term growth potential.



NICK FALLON, CTO

Nick is a senior developer with over 25 years of experience designing and building enterprise-scale software systems and websites with a consumer-centric philosophy. He consults with a wide range of companies from start-ups to international corporations in industries from payments, finance, IOT and cryptography.



DAVID JAQUES, CHAIRMAN

As one of the first CFO's of PayPal, treasurer at Silicon Valley Bank and Director at Blue Run Ventures, David is recognized by the global fintech community as a pioneer in payments. David serves on several boards and works closely with management teams to creatively expand opportunities, solve problems and position for growth. David serves on several boards and works closely with management teams to creatively expand opportunities, solve problems and position for growth. David serves on several boards and works



JESSICA HIGGINS, CMO

Jessica Higgins, JD MBA BB is an award-winning author, public speaker and researcher. Her research and books help executives and everyday people better understand the impacts of emerging cultural trends. She is the Chief Marketing Officer for Digits.io and can be contacted at jessica@digits.io



KEVIN HARRINGTON, BOARD ADVISOR

Kevin was the original "shark" on the hit TV show Shark Tank. He pioneered the infomercial, founded "As Seen on TV" and was a co-founding board member of the Entrepreneurs' Organization (EO). Kevin's reach and influence in the global retail space is unprecedented.



MARK C. THOMPSON, BOARD ADVISOR

Forbes called Mark one of America's Top Venture Investors with the 'Midas Touch'. He is a best-selling author who has advised three of the world's most legendary disruptive innovators: Steve Jobs, Charles Schwab and Virgin Group founder Sir Richard Branson.



LINDA PERRY, BOARD ADVISOR

After 17 years at Visa, Linda now serves as a senior advisor to select payment firms. She served on the ETA's board for 13 years was named the most influential woman in payments by PaymentSource.com for three consecutive years (2013, 2014 & 2015).



EDWARD KATZIN, BOARD ADVISOR

Prior to his last role as head of worldwide retail payments at Apple, Edward was CIO at Revolution Money (sold to American Express) and head of global product, strategy and innovation at Visa where he filed 38 patents. Edward is an accomplished inventor with multiple patents of his own.



STEVEN HATZAKIS, BOARD ADVISOR

Steven is a FinTech and FinServ industry researcher and consultant with nearly 20 years experience. He contributes to a number of self-regulatory efforts in the crypto industry, is an active crypto investor, and is a director of BCA Ventures Inc. In addition to his role as the Global Director of Research, Forex & Crypto at ForexBrokers.com, Steven has authored over 1000 industry news articles and has published research for Registered Investment Advisors (RIAs).



BRYAN FEINBERG, BOARD ADVISOR

Bryan is the CEO and Founder of Etheralabs / ChainDynamics, a NYC based blockchain Venture Accelerator. For the past several years, Bryan has been deeply involved across the blockchain ecosystem and advising multiple early stage and emerging companies. Bryan is a licensed investment banker holding his 7, 63 and 79 FINRA Licenses.



DAVID DRAKE, BOARD ADVISOR

Through his family office LDJ Capital, David acts as a GP & LP investor with his partners in fund-of-funds, realty funds, venture capital funds & hedge funds. David's investments currently have 50+ global directors that maintain relations with institutions & family offices with \$1.5 trillion in assets. His family office manages & co-invests in alternative assets with the top 30 family offices and he has produced & co-sponsored over 1100+ finance conferences with the likes of Thomson Reuters, NASDAQ, NYSE, KKR, & the Carlyle Group.



BRAD YASAR, BOARD ADVISOR

Brad is an entrepreneur, investor, mentor, and advisor who has started and bootstrapped several companies from inception to maturity over the past 20 years. He is currently the co-founder and Managing Partner of KrowdMentor, a strategic crowdfunding advisory firm focused on ICOs, cryptocurrencies, blockchain, and token powered organizations. Brad is the Co-Founder for Blockchain Investors Consortium (BIC) with over \$5 Billion dollars allocated to blockchain and cryptocurrency projects.



LOU KERNER, BOARD ADVISOR

Lou is a Founding Partner at CryptoOracle, a VC and Advisory firm focused exclusively on companies leveraging blockchain, cryptocurrency, smart contracts and decentralization. Lou has been a crypto enthusiast, investor, and thought leader since 2013, and is recognized as one of the most influential crypto bloggers. Lou regularly hosts conference calls with crypto industry innovators attended by hundreds of crypto enthusiasts from around the world.



JAMES HAFT, BOARD ADVISOR

James is a Founding Partner at CryptoOracle with 30 years of emerging markets and early-stage fintech expertise. Since 2015, he has focused on the political, social and economic impact of blockchain and cryptocurrencies, including advising seven ICOs and Co-Founding ClimateCoin. He has been an advisor to over 50 venture-backed firms, mentored at 500 Startups and TechStars and Co-Founded NXTPLabs.com, the leading tech accelerator in Latin America.



JOSHUA MOSHE, BOARD ADVISOR

Moshe has been providing innovative software solutions and tools for a host of novel and unconventional companies for over 20 years. Currently as Chief Product Officer for Blackmoon, Moshe's unique background and skill-sets in blockchain systems, coupled together with a history as a Wall Street operator, supports a strategy, focus and vision to bridge the crypto universe and the traditional investment market.



JIM BORZILLERI, BOARD ADVISOR

Jim is the President of CrowdEngine, Inc., and a Co-Founding member of the Crowdfunding Professional Association (CFPA). He has Co-Founded, built, managed and sold several leading technology companies where he remains an active board member. Jim is a proven tech savvy advisor who turns cutting edge ideas into successful ventures.



JOAQUIM MIRO, BOARD ADVISOR

Joaquim is the CMO and Partner of MLG blockchain, a global blockchain development and consulting firm headquartered in Toronto. He heads MLG's distributed team across North America, Europe and Asia and is focused on building next generation applications using blockchain and smart contract technology.



ED MAGUIRE, BOARD ADVISOR

Ed has 17 years of Wall Street experience in Investment Banking and Equity Research. He was the Managing Partner at Bluemont Partners, a Corporate Advisory and Consulting firm and Chief Strategy Officer for Acreto, a seed-stage IoT security company. He has appeared in major media including CNBC, CNN, the Wall Street Journal, Bloomberg, BNN and NPR.



KAI BLACHE, VP OF FINANCE & INVESTOR RELATIONS

Kai is a seasoned New York City investment banker and VC who takes an active role in his portfolio companies. Kai has consulted for a number of start-ups over the past five years and previously served as a VP, Relationship Manager at JPMorgan, BNP Paribas, and DNB Bank, all in NYC.



KENNY DOUGLAS, EVP STRATEGIC RELATIONS

Kenny brings over three decades of successful business and partnership development skills in the integrated payments industry. He has a vast network of c-level executives within the banking, merchant services and software platform space.

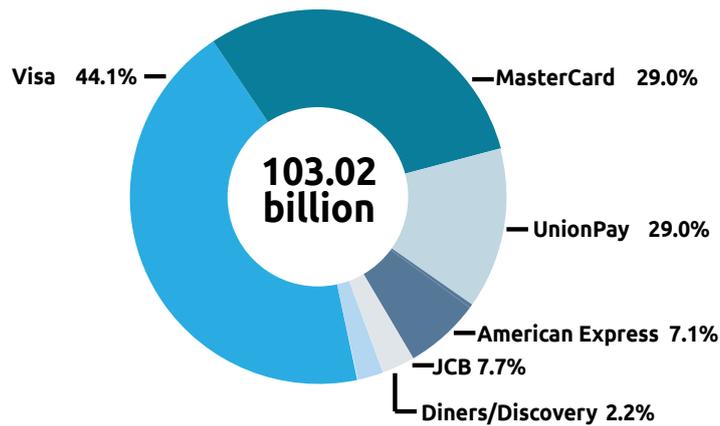
Global general purpose cards carrying Visa, UnionPay, MasterCard, JCB, Diners Club/Discover, and American Express brands generated 227.08 billion purchase transactions at merchants in 2015, an increase of 16.1% or 31.52 billion over 2014. Purchase transactions included all commercial and consumer credit, debit, and prepaid cards. Prepaid cards are included in debit figures. Visa cards, which include both Visa Inc. and Visa Europe, accounted for 55.52% of all purchase transactions worldwide.

STRATEGY

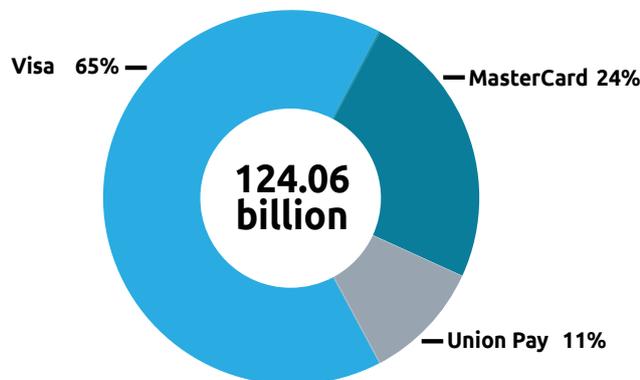
The Digits team has deep market experience finding product market fit within the payment technology space.

We have already established in the form of non-binding letters of intent

Credit Cards



Debit Cards



Source: The Nilson Report 2017



relationships with software platforms that each process millions of dollars of credit and debit card transactions for hundreds of merchants each year.

On occasion, we will support a large national retailer directly, however, we believe the opportunity lies with software platforms and payment gateways used by millions of merchants. With this strategy, we can keep our sales and marketing outreach very targeted.

SOFTWARE PLATFORMS AS A MERCHANT SALES CHANNEL

There is a massive trend in the payments industry today. Merchants are no longer obtaining a Visa, MasterCard and AMEX merchant account with a processor. Instead, they are obtaining merchant accounts and processing payments through value-added software platforms.

A great example of such a platform is TicketSocket used by hundreds of festivals and marathon races. TicketSocket used to send merchants to an outside processor to get a merchant account, a process that can often take a week or more. When the merchant needed to see their deposits or handle a chargeback, they would have to log out of TicketSocket and log into the processor's website. Finally, TicketSocket had no choice but to invoice merchants monthly for their per transaction software fees.

Today, merchants go to TicketSocket to get a merchant account in seconds, see their deposits and handle their chargebacks. TicketSocket's fee is added to the merchant fees and split off and paid to TicketSocket daily. In addition, they get a monthly commission on merchant fees as well.

The key to Digits' seamless front-end functionality is that we control what happens after a card number is entered into a partner platform. If it's not a match with the Digits Network, the transaction is processed as usual.

REVENUE

Digits will generate revenue in the following ways, initially:

1. Merchant Payment Processing Revenue: Whenever possible, we intend to process the Visa, MasterCard, AMEX and Digits Consumer transactions. The average gross revenue on payment processing is expected to be 80 basis points (\$8,000 per \$1 Million).
2. Software Platform Access Fee: Software platforms will be charged a monthly access fee based on the volume of Digits' tokenized cryptocurrency transactions consumed. Initially, we will charge software platforms 10 DIG per \$1 Million processed per month.



3. Digits Consumer Fees: Consumers will be charged a small fee (typically 1%) to buy with cryptocurrency as easily as a credit or debit card. The average gross revenue on Digits consumer fees is expected to be 80 basis points (\$8,000 per \$1 Million).

4. Hedge Lending Network™: We liquidate the cryptocurrency we receive via the Hedge Lending Network™. By doing so, we have the potential to make up to 10% upside on the hedge.

5. Lending to consumers: When a consumer sends us money from their cryptocurrency wallet to cover the purchase, we can charge 10% of net gain on all loans throughout the system.

Below is an example for illustrative purposes only, and interest rates or transaction fees could vary significantly from this example, which could also have an effect on consumer adoption:

If the user makes a \$1,000 purchase through Digits, the interest rate is 10% APR (determined by the market). The \$1000 is secured by \$1,100 worth of cryptocurrency held in escrow, which is over-collateralized by 10% to protect lenders in market fluctuations. To extend the loan past a year so it's not subject to short term capital gains tax, the user will pay back \$1,104.71 (compounded) and Digits receives \$11.05.

The consumer has a number of options in order to pay back the loan at the end of the term. The cryptocurrency assets can be liquidated automatically or the consumer can choose to pay in fiat or another cryptocurrency asset. Additionally, in later iterations we may provide options to extend the loan. Hedging margins are more difficult to predict given the initiatory nature of the market and we believe that Digits can generate significant additional revenue here based upon small transaction fees for using the network.

Our ultimate goal for the community is that the network, hedging and loan revenue will cover all transaction costs for the consumer.

The most complex part of the Digits platform will be the Hedge Lending Network™ which is reflected in the use of funds, followed by further development on the Digits platform with a solid sales and marketing strategy.

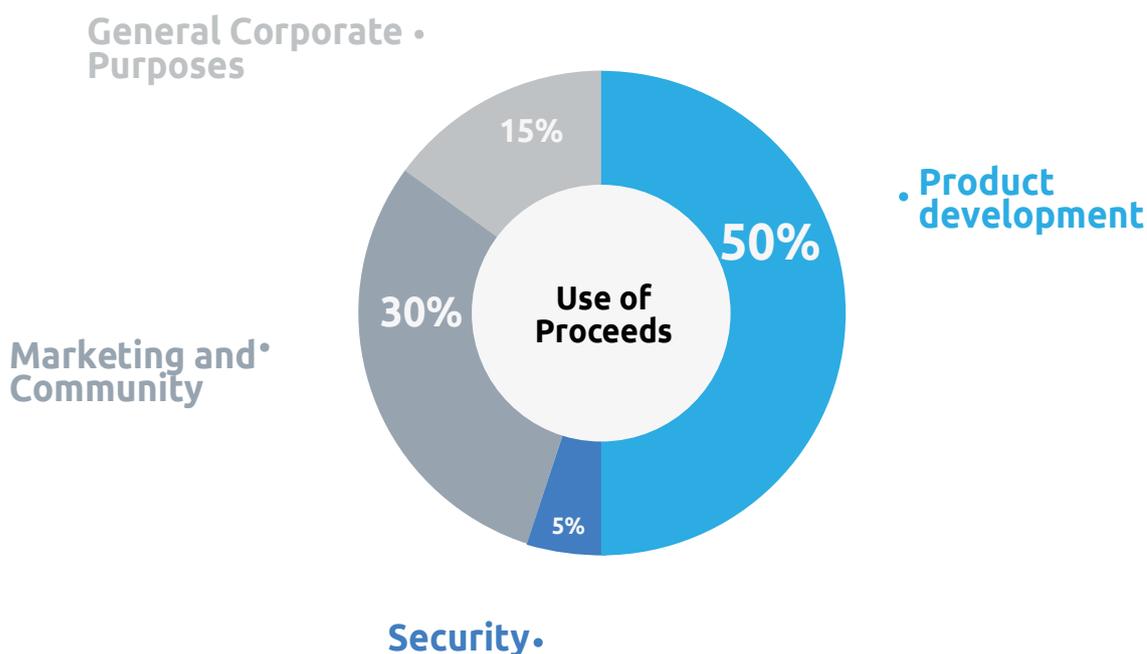
PARTNERSHIPS

We have an established partnership with a top tier U.S. payment processor that powers our Visa, MasterCard and AMEX API for software platforms. This relationship is four years in the making. Forging this level of partnership with a major U.S. processor is a major barrier to entry for new start-



ups in the payments space. While this relationship is long established it is important to note that the exact commercial details of the relationship are in process, and are being kept confidential for commercial reasons.

COMMITTED CUSTOMERS



We already have three large platforms committed to integrating Digits into their platform. It is important to note that a single platform integration can enable cryptocurrency payments for thousands of merchants instantly.

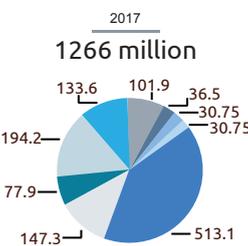
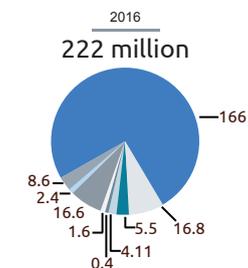
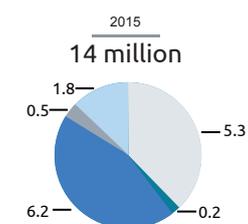
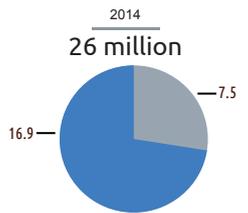
INITIAL COIN OFFERING - ICO

An Initial Coin Offering (ICO) is a nascent and currently in some jurisdictions unregulated means by which funds are raised for a new cryptocurrency venture. An ICO is used by startups to bypass the rigorous and regulated capital raising process required by venture capitalists or banks. In an ICO campaign, a percentage of the tokens are sold to early backers of the project in exchange for access to the system or some future benefit.

Digits is a security token with a future utility application within Digits. We believe this offers the maximum value for our supporters.



ICOs by Category (\$ millions)



The ICO market is growing rapidly, as are financial and cryptocurrency applications (the two categories that Digits falls under). This rapid growth can be traced in a majority of ICO's, both in 2016 and 2017.

As the ICO market matures, proper due diligence, including projects that have defined and achievable goals, will help regulate and further the cryptocurrency community.

As with all investments, and especially in cryptocurrency, time should be taken to evaluate the benefits and the risks before committing any funds to an ICO. At the same time, investing in ICOs is highly speculative, thus it is important only to risk what you can afford to lose.

Please visit **digits.io** and pre-register for the ICO.

ACCEPTED CRYPTOCURRENCIES

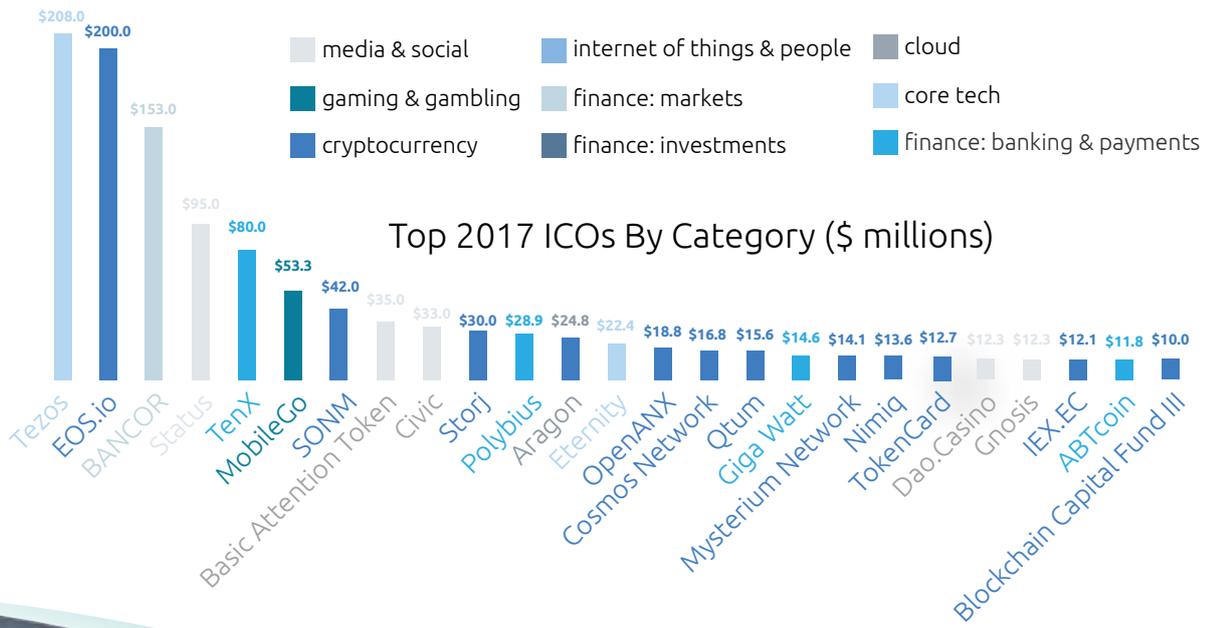
BTC, ETH, LTC

TRANSACTION OF CRYPTOCURRENCIES

ETC can be sent to the address on Digits.io on the ICO launch date.

BONUS SCHEDULE

Additional tokens will be allocated during these time windows:





HOW TO PARTICIPATE

TOKEN NAME:

DSI

LOCKUP

Tokens belonging to the Team will be locked up for one year.

Tokens belonging to Advisors will be locked up for six months.

SUPPORTER TOKEN BENEFITS

The number of tokens is capped, and these tokens pay for access to the API that allows any software platform to take cryptocurrency payments as easily as credit cards. Membership is based upon e-commerce volume. Therefore, the more successful Digits becomes, the more demand there will be for these tokens. Any token not taken up by the community will be burned.



Pre-ICO



first hour



day 1



day 2



day 3



day 4



day 5



day 6

TOKEN DISTRIBUTION

TOTAL SUPPLY:

1,000,000,000

DISTRIBUTION IN THE TOKEN SALE:

550,000,000

HARD CAP

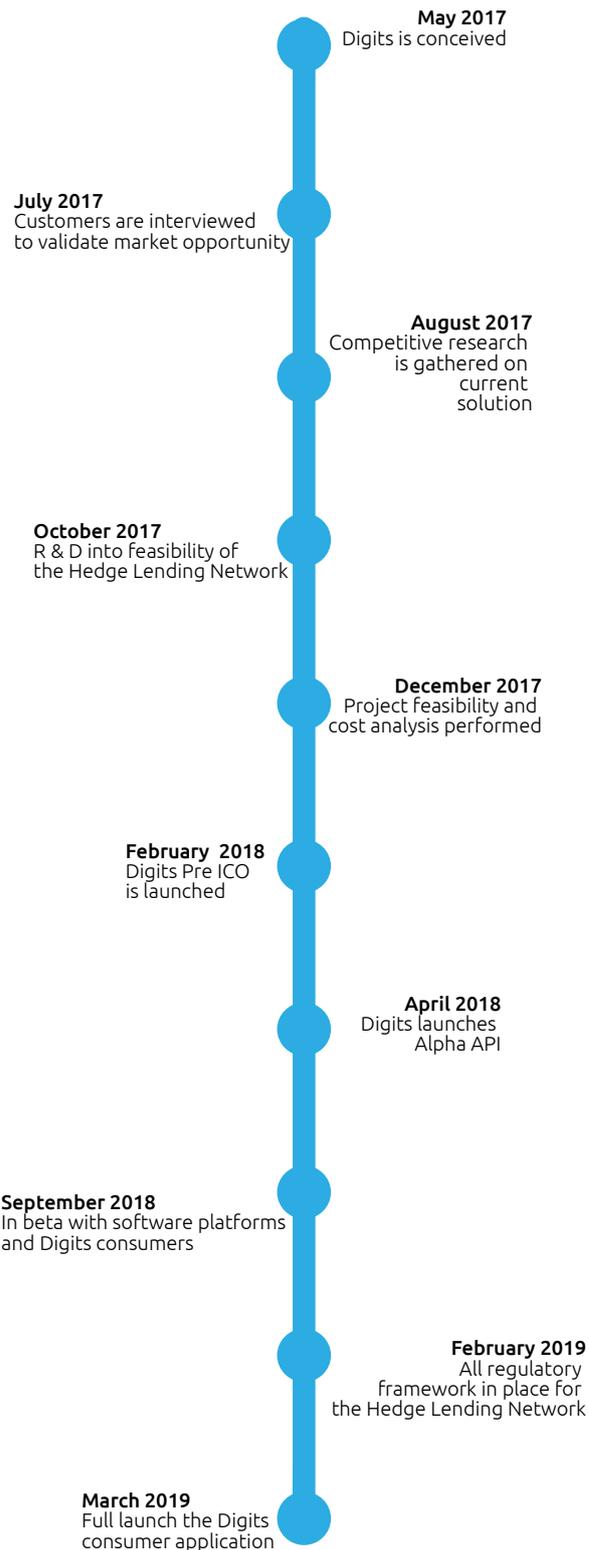
We want the community and supporters to maximize the returns for funds allocated. To achieve this, we will have a cap on the sale of tokens and this sale will be on a first-come, first-served basis to a limited number of participants.

PARTICIPANTS

Please check the website digits.io for any restrictions or compliance requirements.



ROADMAP



USD 2.0 million

On the consumer side, we will open the beta to all ICO investors to register their debit or credit cards to make purchases from participating merchants and to give feedback on the process. On the merchant side, Digits' API for software platforms will be developed, documented, tested and will be live with software platforms used by hundreds of merchants each. We will partner with another company to provide the hedging services needed to liquidate the consumer's cryptocurrency when purchases are made.

USD 8.0 million

In addition to milestones reached in the USD 2 million threshold, we will be launching a direct to merchant solution in alpha where no middle software platform is needed. At the same time, we will lay the groundwork for the regulatory structure required to launch the Hedge Lending Network™ and we would be in a closed beta with software platforms.

USD 15.0 million

In addition to milestones achieved in the USD 8 million threshold, we would be scaling in both the software platform API channel and the direct merchant channels. We will also start scaling the enrollment of Digits consumers to buy from the growing Digits marketplace of participating merchants. At this stage, we will also be launching a proof of concept for the Hedge Lending Network™.

USD 35.0 million

In addition to milestones achieved in the USD 15 million threshold, we will focus on scaling the Digits consumer enrollment and expanding the Digits marketplace for merchants while being fully operational with the Hedge Lending Network™. We will have all technology and operational systems in place to support both merchant integrations (direct and indirect through software platforms) and expect to be growing rapidly on both the merchant and consumer sides of the business. We also expect the Hedge Lending Network™ to be fully operational and scaling.

The market for cryptocurrency is moving fast and currently growing exponentially. There are likely to be a number of short term market corrections. Digits management believes the long-term outlook for cryptocurrency holds an unparalleled growth opportunity.

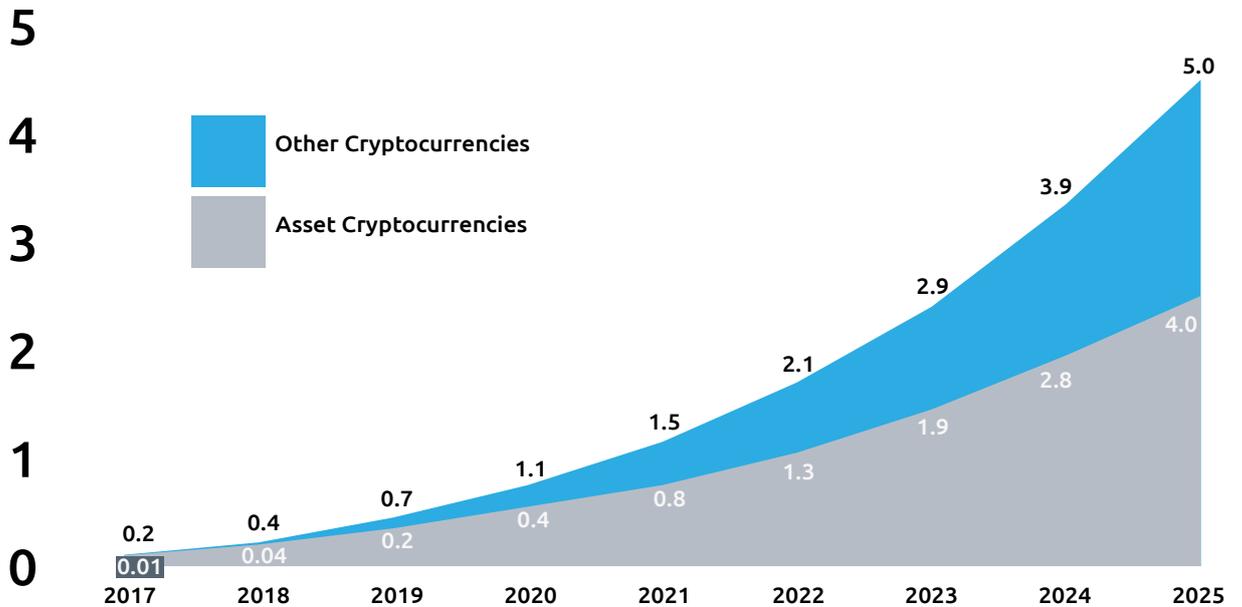
LAT Crypto Research predicts that by 2025 the total market cap of the cryptocurrency markets will be \$5 Trillion Dollars.

As more consumers start investing and using cryptocurrencies, the market potential jumps significantly for Digits.

By 2025 LAT Crypto Research also predicts that 5% of the world's population will have a cryptocurrency wallet and Digits is perfectly positioned to become the consumer option for spending cryptocurrency.

We believe even though there will be regulatory hurdles and challenges to overcome, the future of Crypto is bright and Digits can make a positive impact and benefit the blockchain community.

TRILLIONS \$



2017 LAT Crypto Research

**LEGAL ENTITY**

Digits Solutions, Inc.
Delaware C Class Corporation

LEGAL DISCLAIMER

This document does not disclose all risks and all entities should review the private placement memorandum before proceeding with any actions based upon this document. This document is a representation of the project Digits hopes to deliver but is not legally binding. It represents an ideal scenario. The amount raised, market conditions or other unforeseen circumstances could alter the project scope and/or its implementation. This document does not create any express or implied legal relationship with the reader, user or supporter. The most up-to-date information can always be found on Digits.io. Dates, times or discounts in this document are subject to change at any time without warning.

The content/images in this paper are protected by copyright. Please contact us if you would like to reproduce anything. No unauthorized use, distribution, alteration, reproduction in any form and by any form is allowed without permission from Digits except in limited uses or short quotations in articles, reviews and certain non-commercial use permitted by US copyright law.

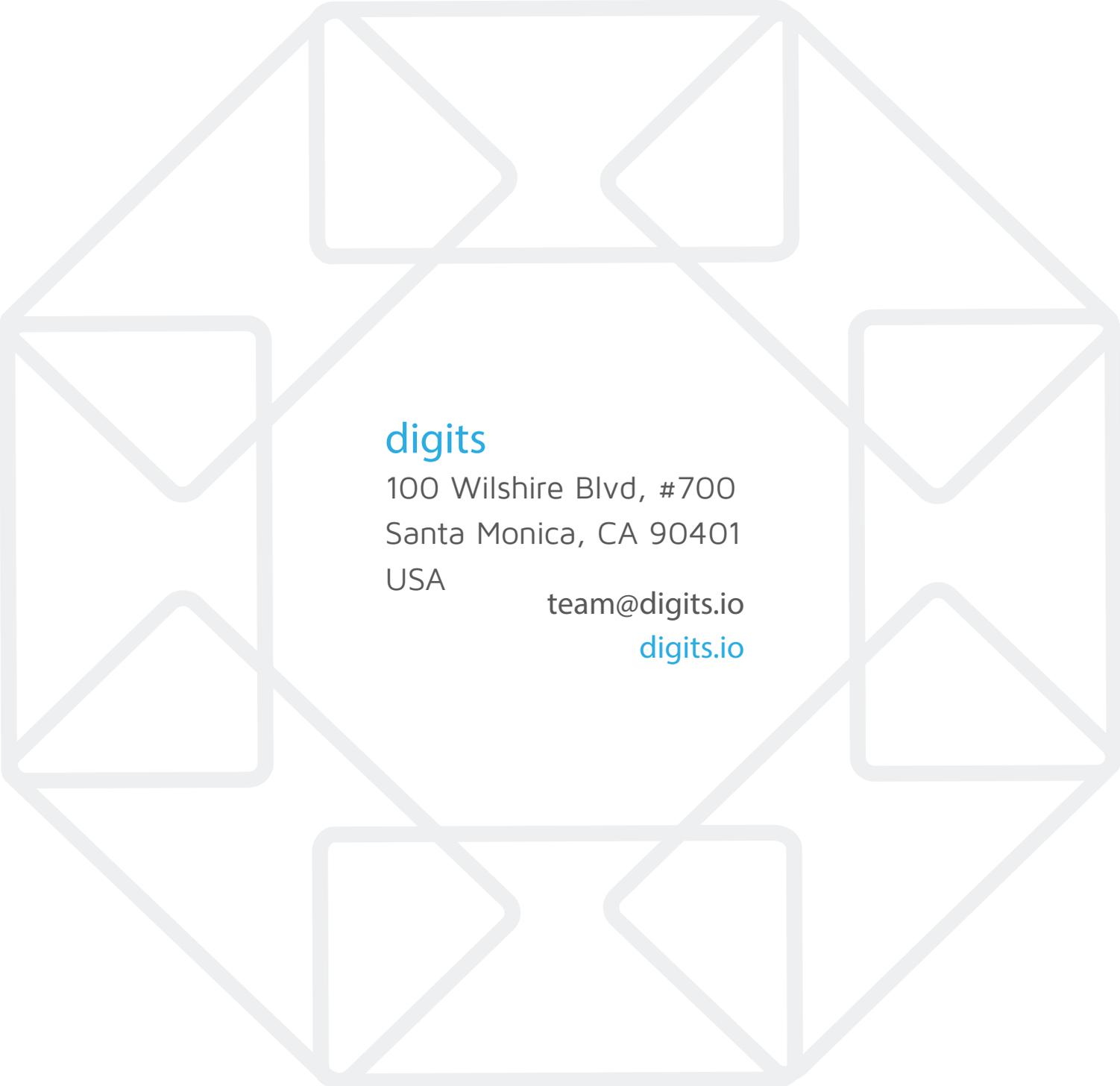
The Digits team uses its best endeavors to ensure that all the information here is accurate and that market projections are sourced from independent sources. However, Digits is not liable for any incorrect projections or information which does not match the ultimate outcome of the Crypto market or any other market or predictive information contained in this document.

Some of the products that Digits is developing maybe subject to regulatory oversight, now or in the future. Digits cannot guarantee that regulatory approval will be obtainable. This paper in no way constitutes investment consulting, an offer of investment or guarantees that any jurisdiction will treat Digits as a security or a token.

Digits cannot predict or be responsible for any liabilities that may arise from investing in the Crypto market including becoming a supporter of Digits.

LANGUAGES

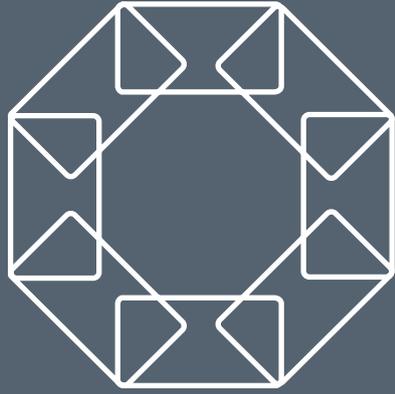
This paper will be translated into Chinese (Traditional) and Spanish. Please see digits.io for access to these languages.



digits

100 Wilshire Blvd, #700
Santa Monica, CA 90401
USA

team@digits.io
digits.io



digits

WHITE PAPER
