

October 9, 2017

Via U.S. Mail & Email

Hirematch.io, LLC
940 Stewart Drive
Sunnyvale CA 94085

Re: Opinion Concerning Hirematch.io “HIRE” Cryptocurrency

To the Board of Directors:

You have requested that I render an opinion with respect to the applicability of the statutes, regulations and rules of the United States of America governing the issuance, transfer of, and settlement of securities to the Hirematch.io “HIRE” cryptocurrency. I am an attorney licensed to practice before the Supreme Court of Illinois, various United States District Courts and the United States Tax Court. Moreover, I have been not prohibited or otherwise enjoined from practicing before any state or national regulatory authority.

Virtual Currency, Cryptocurrency & Blockchain

The European Banking Authority defines virtual currency as “a digital representation of value that is neither issued by a central bank or a public authority nor necessarily attached to a fiat currency, but is accepted by natural or legal persons as a means of payment and can be transferred, stored or traded electronically.” That is, no body of government within the causes a virtual currency to be issued or otherwise guaranty any such issuance. Rather, the function of virtual currency as a means of trade is accomplished by implied agreement among the users of such virtual currency.

Every virtual currency can be defined by in terms of the *de facto* ability of its users to exchange units of the virtual currency for real currency. That is, a virtual currency is deemed “convertible” when a unit of the virtual currency has an equivalent value in real currency and can be exchanged back-and-both for real currency, whereas a “closed” or “non-convertible” virtual currency only offers equivalent value within a particular domain and cannot be exchange for fiat currency. Moreover, virtual currencies are further defined by the singular direction flow of fiat currency.

A “cryptocurrency,” on the other hand, is defined as a math-based, decentralized convertible virtual currency that is protected by cryptography – e.g., it incorporates principles of cryptography to implement a distributed, decentralized, secure information economy. Virtual currency is deemed “decentralized” when there exists no central administrating authority and no central monitoring or oversight. Rather, cryptocurrency relies on public and private keys to transfer value between users, the veracity of such ledger balances being left to a community of parties who act as *de facto* network administrators in exchange for a randomly assigned fee.

Cryptocurrency is reliant upon distributed ledger technology – with blockchain being a distinct form thereof. A distributed ledger is a digital record share instantaneously across a network such that the record is held by each user (or “node”) on the network and each copy is updated with new information simultaneously. The advantage of a distributed ledger is that every node agrees on the record – i.e., there are not multiple, competing sets of records that must be reconciled.

A form of distributed ledger technology upon which cryptocurrency is based, blockchain, is a globally shared, transactional database. Thus, users can view entries in the database just by participating in the network. Each transaction to amend such database must be accepted by all other users – the option is that the amendment is completed or applied across all nodes. No other transaction can alter a preceding transaction. Moreover, each transaction is always cryptographically signed by the sender (creator). This is necessary to regulate access to specific modifications of the database.

Laying along a distributed ledger such as blockchain is a snippet of code (known as a “software agent”) known as a ‘smart contract.’ A smart contract is designed to execute certain tasks is pre-defined conditions are met – where such tasks are embedded within and performed upon, a distributed ledger or, more specifically, a blockchain. A smart contract is an automatable and enforceable agreement. A smart contract may be enforceable either by legal enforcement of rights and obligations or via tamper-proof execution of computer code.

Legal Definition of a “Security”

Section 2(a)(1) of the Securities Act 1933, in relevant part, defines a security as: “any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement ... investment contract ... or, in general, any interest or instrument commonly known as a ‘security’, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.” Under the holding in the seminal case, *Securities and Exchange Commission v. W. J. Howey Co.* 328 U.S. 293, 298-299 (1946), an investment contract is defined as any contract, transaction or scheme involving; (a) an investment of money; (b) in a common enterprise; and (c) with the expectation that profits will be derived from the efforts of the promoter or a third party.

Subsequent decisions would rely on the “risk capital test” for determining the existence of a security. *See, Securities and Exchange Commission v. Glen W. Turner*, 348 F.Supp. 767 (D. Or. 1972). The test looks at whether an investor subjects his money to the risk of an enterprise over which he exercises no managerial control. *Id.* The Court in *Turner* would go on to further define an “investment contract” as an investment in a common enterprise with the expectation of profits from the efforts of another.

Under *Howey*, and case law following it, an investment of money may include not only the provision of capital, assets and cash, but also goods, services or a promissory note – or as applicable here, cryptocurrency. *See, e.g., Int’l Bhd. Of Teamsters v. Daniel*, 439 U.S. 551, 560 n.12 (1979); *Hector v. Wiens*, 533 F.2d 429, 432-33 (9th Cir. 1976); *Sandusky Land, Ltd. V. Uniplan Groups, Inc.*, 400 F. Supp. 440, 445 (N.D. Ohio 1975). The definition of “common enterprise” is disparate. Under the horizontal approach, a common enterprise is deemed to exist where multiple investors pool funds into an investment and the profits of each investor correlate with those of the other investors. *See e.g., Curran v. Merrill Lynch*, 622 F.2d 216 (6th Cir. 1980). Whether funds are pooled appears to be the key question, and thus in cases where there is no sharing of profits or pooling of funds, a common enterprise may not be deemed to exist. *See e.g., Hirk v. Agri-Research Council, Inc.*, 561 F.2d 96, 101. Conversely, under the broad vertical approach considers whether the success of the investor depends on the promoter’s expertise. If there is such reliance, then a common enterprise will be deemed to exist. *See e.g., SEC v. Continental Commodities Corp.*, 497 F.2d 516 (5th Cir. 1974).

The third prong – the “expectation of profits,” refers to all manner of returns, such as dividends, other periodic payments or the increased value of the investment—whether it is a variable or fixed return. *See e.g., SEC v. Edwards*, 540 U.S. 390, 398 (2004). That is, the analysis focuses on the individual expectations concerning returns that one may receive versus the overall profit or gain generated by a project, entity or system as a whole. These “profits,” as delineated in the fourth prong of the *Howey* test, must be derived solely from the efforts of third parties. The term “solely” is interpreted broadly to include significant or essential managerial or other efforts necessary to the success of the investment. *See e.g., SEC v. Glenn W. Turner Enters.*, 474 F.2d 476, 482-83 (9th Cir. 1973). Thus, there exists a clear correlation between third party management and passive investment existing as a security.

Description of Hirematch.io “HIRE” Token

The Hirematch.io “HIRE” token refers to the open source software used to create the ERC20 token as well as the peer-to-peer exchange network created and developed by Hirematch.io (the “Token”). The Token operates as a medium of exchange and as unit of account, but if tendered to a creditor, is not a valid and legal offer of payment. In fact, the Token is decentralized in the sense that no single administrating authority controls the Coin.

Each Token is coded to offer *de facto* convertibility into, among other denominations, United States currency. The Token does not offer an *ex officio* convertibility, nor is it secured or otherwise backed or insured by any asset of any type. The Token relies on a cryptographic hash function for transfer between users.

The Token is intended to be paid as a “bounty” or commission upon the Hirematch.io platform. It is not immediately exchangeable into any form of fiat currency or other cryptocurrency on the platform. One or more secondary markets may arise upon which the Token may be exchanged or sold for prevailing fiat currency or cryptocurrency. The development of such secondary markets hold no bearing or impact upon the efficacy of the Token or the opinions contained herein.

Basis for Opinion

In connection with the opinion contained herein, I have reviewed applicable federal laws, rules and regulations, including, specifically, the Securities Act of 1933 (the “Act”). Moreover, I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, certificates or records provided to me by Hirematch.io LLC as I have deemed necessary or appropriate as bases for the opinion set forth herein. In my examination, I have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies and the authenticity of the originals of such copies.

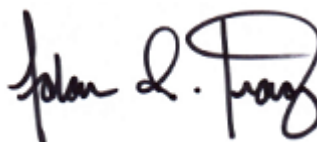
Legal Opinion

Specifically, in reliance upon Hirematch’s representations, and in conjunction with my own due diligence, I have determined that the Token is not a “security” within the meaning of 15 U.S.C §77(b) or any other application statute, rule or regulation of the United States. Specifically, in arriving at my opinion, I have found the Token to be a highly decentralized cryptocurrency because of a lack of vertical commonality. Second, I have found that there is no expectation of profits on the part of participants who hold Tokens with a value pegged to fiat currency, bitcoin or any other asset. Token holders obtain access to system or an economy, not an equity, debt or hybrid ownership stake in Hirematch.io. Rather, the Token represents a *de facto license* representing ownership and the right to use the Hirematch.io platform. Finally, third, the Token is a ERC20 token which, by design, is created for use-value rather than expectation of profits.

The opinion provided herein is subject to the assumptions and conditions contained in this letter and is necessarily based on the information made available to me, as of the date of this letter. I assume no responsibility, and do not intend to update or revise this opinion based on circumstances or events occurring after the date of this letter. This letter is intended to be used

by whom it is addressed only, or to any such party the addressee delegates authority. Only the party to whom this letter is addressed may produce, publish or quote this letter, or portions thereof, as reasonably necessary to ensure such party's compliance with applicable laws and regulations.

Yours very truly,

A handwritten signature in black ink, appearing to read "Adam S. Tracy". The signature is written in a cursive style with a large, stylized initial 'A'.

Adam S. Tracy, Esq.

