

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

CHASE WILLIAMS AND WILLIAM ZHANG,
individually and on behalf of all others similarly
situated,

Plaintiffs,

v.

BLOCK.ONE, BRENDAN BLUMER, and DANIEL
LARIMER,

Defendants.

Civ. No. 1:20-cv-2809-LAK

CLASS ACTION

CRYPTO ASSETS OPPORTUNITY FUND
LLC and JOHNNY HONG, individually and on behalf
of all others similarly situated,

Plaintiffs,

v.

BLOCK.ONE, BRENDAN BLUMER, DANIEL
LARIMER, IAN GRIGG, and BROCK PIERCE,

Defendants.

Civ. No.: 1:20-cv-3829-LAK

CLASS ACTION

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

**TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED ERC-20 TOKENS¹ OR EOS
TOKENS BETWEEN JUNE 26, 2017 AND MAY 18, 2020, INCLUSIVE, AND WERE DAMAGED THEREBY**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE SETTLEMENT PROCEEDS, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) **POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE NOVEMBER 8, 2021.**

This Notice of Pendency and Proposed Settlement of Class Action (“Notice”) has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the “Court”). The purpose of this Notice is to inform you of the pendency of this class action (the “Action”) between Lead Plaintiff Crypto Assets Opportunity Fund and Defendants Block.one, Brendan Blumer, Daniel Larimer, Ian Grigg, and Brock Pierce (“Defendants”) and the proposed \$27,500,000.00 settlement reached therein (the “Settlement”) and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement as well as counsel’s application for fees and expenses. This Notice describes what steps you may take in relation to the Settlement and this class action.²

This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Action as to any of the Defendants or the merits of the claims or defenses asserted by or against the Defendants. This Notice is solely to advise you of the proposed Settlement of the Action and of your rights in connection therewith.

¹ ERC-20 Tokens are defined throughout this Notice as the tokens that Block.one sold in a token sale that took place from June 26, 2017 to June 1, 2018.

² All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation of Settlement dated June 11, 2021 (the “Settlement Agreement” or “Stipulation”), which is available on the website www.blockone-settlement.com.

**QUESTIONS?
PLEASE CALL (855) 535-1874
OR VISIT www.blockone-settlement.com**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A PROOF OF CLAIM FORM	The only way to be eligible to receive a payment from the Settlement. Proof of Claim forms must be postmarked or submitted online on or before November 8, 2021.
EXCLUDE YOURSELF	Get no payment. This is the only option that <i>potentially</i> allows you to ever be part of any other lawsuit against the Defendants about the legal claims being resolved by this Settlement. Should you elect to exclude yourself from the Class, you should understand that Defendants will have the right to assert any and all defenses they may have to any claims that you may seek to assert, including, without limitation, the defense that any such claims are untimely under applicable statutes of limitations and statutes of repose. Exclusions must be postmarked on or before October 27, 2021.
OBJECT	Write to the Court about why you do not like the Settlement, the Plan of Allocation, and/or the request for attorneys' fees and expenses. You will still be a Settlement Class Member. Objections must be received by the Court and counsel on or before October 27, 2021. If you submit a written objection, you may (but do not have to) attend the hearing.
GO TO THE HEARING ON NOVEMBER 17, 2021	Ask to speak in Court about the fairness of the Settlement. Requests to speak must be received by the Court and counsel on or before October 27, 2021.
DO NOTHING	Receive no payment. You will, however, still be a Settlement Class Member, which means that you give up your right to ever be part of any other lawsuit against the Defendants about the legal claims being resolved by this Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

SUMMARY OF THIS NOTICE

Statement of Class Recovery

Pursuant to the Settlement described herein, a \$27.5 million Settlement Fund has been established. Based on Lead Plaintiff's estimate of the number of ERC-20 Tokens and/or EOS Tokens eligible to recover under the Settlement, the average distribution per share under the Plan of Allocation is approximately \$0.072 per EOS Token or ERC-20 token before deduction of any taxes on the income earned on the Settlement Amount, Notice and Administration Costs, and the attorneys' fees and expenses as determined by the Court. **Settlement Class Members should note, however, that these are only estimates.** A Settlement Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's claims as compared to the total claims of all Settlement Class Members who submit acceptable Proofs of Claim. An individual Settlement Class Member may receive more or less than this estimated average amount. See Plan of Allocation set forth and discussed at pages 10-13 below for more information on the calculation of your claim.

Statement of Potential Outcome of Case

The Settling Parties disagree on both liability and damages and do not agree on the amount of damages that would be recoverable even if the Settlement Class prevailed on each claim alleged. Defendants have denied and continue to deny that they violated the federal securities laws, or any laws, and maintain that their conduct was at all times proper and in compliance with all applicable laws. Defendants deny that they are liable to the Settlement Class and deny that the Settlement Class has suffered any damages. The issues on which the parties disagree are many, but include: (1) whether Defendants engaged in conduct that would give rise to any liability to the Settlement Class under the federal securities laws, or any other laws; (2) whether Defendants issued or sold any securities; (3) whether Defendants issued or sold EOS Tokens; (4) whether Defendants have valid defenses to any such claims of liability; (5) the appropriate economic model for determining the amount by which the prices of ERC-20 Tokens and EOS Tokens were allegedly artificially inflated (if at all) during the Class Period; (6) the amount, if any, by which the prices of ERC-20 Tokens and EOS Tokens were allegedly artificially inflated (if at all) during the Class Period; (7) the effect of various market forces on the prices of ERC-20 Tokens and EOS Tokens at various times during the Class Period; (8) the extent to which external factors influenced the prices of ERC-20 Tokens and EOS Tokens at various times during the Class Period; (9) whether the various matters that Lead Plaintiff alleged were materially false or misleading were, in fact, false or misleading; (10) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading influenced (if at all) the prices of ERC-20 Tokens and EOS Tokens at various times during the Class Period; and (11) the extent to which the various allegedly adverse material facts that Lead Plaintiff alleged were omitted influenced (if at all) the prices of ERC-20 Tokens and EOS Tokens at various times during the Class Period.

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Statement of Attorneys' Fees and Expenses Sought

Since the Action's inception, Lead Counsel has expended considerable time and effort in the prosecution of this Action on a wholly contingent basis and has advanced the expenses of the Action in the expectation that if they were successful in obtaining a recovery for the Settlement Class, they would be paid from such recovery. Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed 25% of the Settlement Amount plus interest earned on that amount at the same rate as earned by the Settlement Fund. Lead Counsel will also apply for reimbursement of costs and expenses incurred in prosecuting the Action, and in providing Notice of the Settlement to the Settlement Class and administering the Settlement. In addition, Lead Plaintiff may seek payment for its time and expenses incurred in representing the Settlement Class in an amount not to exceed \$5,000. If the amounts requested are approved by the Court, the average cost per ERC-20 Token or EOS Token will be approximately \$0.019.

Further Information

For further information regarding the Action, this Notice, or to review the Stipulation of Settlement, please contact Epiq Systems, Inc. who is the Claims Administrator, toll-free at (855) 535-1874 or visit the website, www.blockone-settlement.com.

You may also contact a representative of counsel for the Settlement Class: Grant & Eisenhofer P.A., 485 Lexington Avenue, New York, NY 10017, 1-646-722-8500, www.gelaw.com.

Please Do Not Call the Court or Defendants with Questions About the Settlement.

Reasons for the Settlement

Lead Plaintiff's principal reason for entering into the Settlement is that it provides substantial benefits to the Settlement Class now, without further risk or the delays inherent in continued litigation. The cash benefit under the Settlement must be considered against the significant risk that a smaller recovery – or, indeed, no recovery at all – might be achieved after contested motions, trial, and likely appeals, a process that could last several years into the future. For the Defendants, who have denied and continue to deny all allegations, liability, fault, or wrongdoing whatsoever, the principal reason for entering into the Settlement is to eliminate the uncertainty, risk, costs, and distraction inherent in any litigation, especially in complex cases such as this Action. Defendants have concluded that further conduct of this Action could be protracted, costly, and distracting.

BASIC INFORMATION

1. Why did I get this Notice package?

This Notice was sent to you pursuant to an Order of a U.S. District Court because you or someone in your family or an account for which you serve as custodian may have purchased or otherwise acquired ERC-20 Tokens or EOS Tokens during the period from June 26, 2017 through and including May 18, 2020 ("Class Period"), including purchases or acquisitions of ERC-20 Tokens in Block.one's (the "Company") Token Sale, which occurred from June 26, 2017 to June 1, 2018.

This Notice explains the class action lawsuit, the Settlement, Settlement Class Members' legal rights in connection with the Settlement, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the Southern District of New York, and the case is known as *Williams v. Block.one, et al.*, Civil Action No. 1:20-cv-2809-LAK. The case has been assigned to the Honorable Lewis A. Kaplan. The entity representing the Settlement Class is Crypto Assets Opportunity Fund ("CAOF"), also called the "Lead Plaintiff," and the companies and individuals it sued are called the Defendants.

2. What is this lawsuit about?

This Action was brought on behalf of all persons and entities who purchased or otherwise acquired ERC-20 Tokens or EOS Tokens between June 26, 2017 and May 18, 2020, including those persons who purchased or otherwise acquired ERC-20 Tokens or EOS Tokens in or traceable to Block.one's June 26, 2017 to June 1, 2018 Token Sale.

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The initial complaint was filed on April 3, 2020 in the United States District Court for the Southern District of New York. *Williams, et al. v. Block.one, et al.*, Case No. 1:20-cv-2809. On May 18, 2020, plaintiffs CAOF and Johnny Hong filed a separate complaint against Defendants in the Southern District of New York. *Crypto Assets Opportunity Fund, et al. v. Block.one, et al.*, Case No. 1:20-cv-3829. On August 4, 2020, the Court consolidated the two cases and appointed CAOF as Lead Plaintiff and Grant & Eisenhofer P.A. as lead counsel. On September 18, 2020, Lead Plaintiff filed the First Amended Class Action Complaint (“Complaint”), which alleges that Defendants sold unregistered securities in violation of federal securities laws, issued securities pursuant to a false and misleading prospectus, and disseminated materially false and misleading statements regarding ERC-20 Tokens and/or EOS Tokens during the Class Period.

From the outset of the Action, Defendants have denied all of these allegations and consistently maintained that they never sold securities that were required to be registered, nor made any statement that was false or misleading. Defendants believed at the time, and still believe, that at all times ERC-20 Tokens and EOS Tokens were not securities and therefore not subject to registration requirements under the federal securities laws; that Block.one never issued tokens pursuant to a false or misleading prospectus; that Block.one did not create, sell, or issue EOS Tokens; that Block.one’s public statements were truthful, accurate, and not misleading, and contained no material misstatements or omissions of fact; and that Lead Plaintiff cannot prove any element of its claims.

On November 2, 2020, the Defendants who had been served or waived service to that point in time filed a motion to dismiss the Complaint. Lead Plaintiff filed its opposition on December 2, 2020, and the moving defendants filed their reply on January 11, 2021.

On May 9, 2021, Lead Counsel for Plaintiff and Counsel for Defendants informed the Court that a settlement had been reached.

3. Why is there a settlement?

The Court has not decided in favor of Defendants or Lead Plaintiff. Instead, both sides agreed to the Settlement to avoid the distraction, costs, and risks of further litigation, and Lead Plaintiff agreed to the Settlement in order to ensure that Settlement Class Members will receive compensation.

WHO IS IN THE SETTLEMENT

4. How do I know if I am a Settlement Class Member?

The Settlement Class is comprised of all persons or entities who, directly or through an intermediary, purchased or otherwise acquired ERC-20 Tokens and/or EOS Tokens at any time during the period of June 26, 2017 through May 18, 2020, inclusive.

Excluded from the Settlement Class are: (i) Defendants; (ii) the present or former executive officers or members of the Board of Directors of Block.one; (iii) the immediate family members (as defined in 17 C.F.R. §229.404 (Instructions (1)(a)(iii) and (1)(b)(ii)), substituting “Block.one” for “the registrant”) of any excluded person; (iv) any entity in which any Defendant has, or had during the Class Period, a controlling interest; and (v) any affiliate of Block.one. Also excluded from the Settlement Class are any persons and entities who exclude themselves by submitting a request for exclusion that is accepted by the Court.

Please Note: Receipt of this Notice does not mean that you are a Settlement Class Member or that you will be entitled to receive a payment from the Settlement. If you are a Settlement Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Proof of Claim that is being distributed with this Notice and the required supporting documentation as set forth therein postmarked or submitted online on or before November 8, 2021.

5. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at (855) 535-1874, contact Lead Counsel, or you can fill out and return the Proof of Claim form enclosed with this Notice package, to see if you qualify.

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THE SETTLEMENT BENEFITS – WHAT YOU GET

6. What does the Settlement provide?

The Settlement provides that, in exchange for the release of the Settlement Class's Released Claims (defined below) and dismissal of the Action, Defendants have agreed to pay (or cause to be paid) \$27.5 million in cash to be distributed after taxes, tax expenses, notice and claims administration expenses, and additional Court-approved fees and expenses, *pro rata*, to Settlement Class Members who send in a valid Proof of Claim form pursuant to the Court-approved Plan of Allocation. The Plan of Allocation is described in more detail at the end of this Notice.

7. How much will my payment be?

Your share of the Net Settlement Fund will depend on several things, including the total amount of claims represented by the valid Proof of Claim forms that Settlement Class Members send in, compared to the amount of your claim, all as calculated under the Plan of Allocation discussed below.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

8. How can I get a payment?

To be eligible to receive a payment from the Settlement, you must submit a Proof of Claim form. A Proof of Claim form is enclosed with this Notice or it may be downloaded at www.blockone-settlement.com. Read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and **mail or submit it online so that it is postmarked or received no later than November 8, 2021**. The Proof of Claim form may be submitted online at www.blockone-settlement.com.

9. When would I get my payment?

The Court will hold a Settlement Hearing on November 17, 2021 at 9:30 a.m., to decide whether to approve the Settlement. If the Court approves the Settlement, there might be appeals. It is always uncertain whether appeals can be resolved, and if so, how long it would take to resolve them. It also takes time for all the Proofs of Claim to be processed. Please be patient. As of the date of this Notice, the Court has not expressed any view, preliminary or otherwise, as to the fairness, reasonableness or adequacy of the Proposed Settlement. Those matters will be addressed by the Court at the Settlement Hearing.

10. What am I giving up to get a payment or to stay in the Class?

Unless you timely and validly exclude yourself, you are staying in the Settlement Class, and that means you and your "Related Parties" (as defined below) cannot sue, continue to sue, or be part of any other lawsuit against the "Released Defendant Parties" (as defined below) about the "Settlement Class's Released Claims" (as defined below) in this case. It also means that all of the Court's orders will apply to you and legally bind you. If you remain a Settlement Class Member, and if the Settlement is approved, you will give up all "Settlement Class's Released Claims" (as defined below), including "Unknown Claims" (as defined below), against the "Released Persons" (as defined below):

- "Defendants" means Block.one and the Individual Defendants.
- "EOS Tokens" means tokens on the EOS Blockchain.
- "ERC-20 Tokens" means the tokens that Block.one sold in a token sale that took place from June 26, 2017 to June 1, 2018.
- "Individual Defendants" means Brendan Blumer, David Larimer, Ian Grigg and Brock Pierce.
- "Lead Counsel" means Grant & Eisenhofer P.A., 485 Lexington Avenue, New York, NY 10017.
- "Lead Plaintiff" or "Plaintiff" means Crypto Assets Opportunity Fund LLC.
- "Related Parties" means, as applicable, each and all of a person or entity's respective present and former parents, subsidiaries, divisions, joint ventures, affiliates, and each and all of their respective present and former employees, contractors, members, partners, principals, agents, founders, officers, directors, controlling shareholders, attorneys, advisors, accountants, auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, insurers, co-insurers,

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reinsurers, related or affiliated entities, predecessors, successors, spouses, estates, heirs, executors, trusts, trustees, administrators, agents, representatives, and assigns, in their capacity as such, and any entity in which a person or entity has a controlling interest.

- “Released Parties” means the Released Defendant Parties and Released Plaintiff Parties.
- “Released Defendant Parties” means each and all of Defendants and each of their Related Parties.
- “Released Plaintiff Parties” means Lead Plaintiff, its attorneys and all other Settlement Class Members.
- “Releasing Plaintiffs and Settlement Class Members” means Lead Plaintiff, each Settlement Class Member, and to the fullest extent permissible under law, each of their Related Parties.
- “Settlement Class” means all persons or entities who, directly or through an intermediary, purchased or otherwise acquired ERC-20 Tokens and/or EOS Tokens at any time during the period of June 26, 2017 through May 18, 2020, inclusive. Excluded from the Settlement Class are: (i) Defendants; (ii) the present or former executive officers or members of the Board of Directors of Block.one; (iii) the immediate family members (as defined in 17 C.F.R. §229.404 (Instructions (1)(a)(iii) and (1)(b)(ii)), substituting “Block.one” for “the registrant”) of any excluded person; (iv) any entity in which any Defendant has, or had during the Class Period, a controlling interest; and (v) any affiliate of Block.one. Also excluded from the Settlement Class are any persons and entities who exclude themselves by submitting a request for exclusion that is accepted by the Court.
- “Settlement Class Members” means a person or entity who falls within the definition of the Settlement Class as set forth above.
- “Settlement Class’s Released Claims” means any and all claims, demands, rights, causes of action, and liabilities of every nature and description (including “Unknown Claims” as defined below), whether known or unknown, contingent or absolute, liquidated or not liquidated, accrued or unaccrued, suspected or unsuspected, disclosed or undisclosed, apparent or not apparent, foreseen or unforeseen, matured or not matured, which now exist, heretofore or previously existed, or may hereafter exist, including, but not limited to, any claims arising under federal, state, common, or foreign law, whether in the United States or anywhere else in the world, that Lead Plaintiff or any other Settlement Class Member (i) asserted in the Amended Class Action Complaint for Violations of the Federal Securities Laws on September 18, 2020 or the original Class Action Complaint on April 3, 2020 in the Action, or (ii) could have asserted or could in the future assert in any forum that concern, arise out of, refer to, are based upon, or are related in any manner to the allegations, transactions, facts, matters, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in any of the Action. Notwithstanding the foregoing, “Settlement Class’s Released Claims” does not include claims relating to the enforcement of the Settlement.
- “Settling Defendants” means Block.one and the Individual Defendants, other than Defendant Ian Grigg.
- “Settling Defendants’ Released Claims” means all claims and causes of action of every nature and description, whether known or unknown, whether arising under federal, state, common, or foreign law, that arise out of or relate to the institution, prosecution, or settlement of the claims against the Settling Defendants in the Action. Notwithstanding the foregoing, “Settling Defendants’ Released Claims” does not include claims relating to the enforcement of the Settlement.
- “Settling Parties” means Settling Defendants and Lead Plaintiff, on behalf of itself and Settlement Class Members.
- “Unknown Claims” means (i) any Settlement Class’s Released Claim that any Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release, which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Defendant Parties, or might have affected his, her or its decision not to object to this Settlement or seek exclusion from this Settlement, and (ii) any Settling Defendants’ Released Claim that any Defendant does not know or suspect to exist in his or its favor at the time of the release, which, if known by him, her, or it, might have affected his, her or its settlement with and release of the Released Plaintiffs and Settlement Class Members.

With respect to (a) any and all Released Claims against the Released Defendant Parties, and (b) any and all Settling Defendants’ Released Claims against Lead Plaintiff, the Class and Lead Plaintiff’s Counsel, the Settling Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive, and the

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Releasing Plaintiff and Settlement Class Members and Released Defendant Parties shall be deemed to have, and by operation of the Judgment shall have expressly waived, the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The Settling Parties shall expressly waive, and the Releasing Plaintiff and Settlement Class Members and Released Defendant Parties shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. The Releasing Plaintiffs and Settlement Class Members and Released Defendant Parties acknowledge that they may hereafter discover facts, legal theories or authorities in addition to or different from those which he, she, it or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims or Released Defendants' Claims, but (a) the Releasing Plaintiffs and Settlement Class Members shall expressly fully, finally, and forever waive, compromise, settle, discharge, extinguish and release, and each Releasing Plaintiff and Settlement Class Member shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date, and by operation of the Judgment shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any and all Released Claims against the Released Defendant Parties, known or unknown, suspected or unsuspected, contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden, which now exist, or heretofore have existed, or may hereafter exist, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities, and (b) the Released Defendant Parties shall expressly fully, finally, and forever waive, compromise, settle, discharge, extinguish and release, and each Released Defendant Party shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date, and by operation of the Judgment shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any and all Released Defendant Claims against the Lead Plaintiff, the Class and Lead Plaintiff's Counsel, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. The Settling Parties acknowledge, and the Releasing Plaintiffs and Settlement Class Members and Released Defendant Parties shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and is an essential element of the Settlement of which this release is a part.

EXCLUDING YOURSELF FROM THE CLASS

If you do not want to participate in this Settlement, and you want to keep the right to potentially sue the Released Defendant Parties, on your own, about the claims being released by the Settlement, then you must take steps to remove yourself from the Settlement. This is called excluding yourself – or is sometimes referred to as “opting out.” If you are requesting exclusion because you want to bring your own lawsuit based on the matters alleged in this Action, you may want to consult an attorney and discuss whether any claim that you may wish to pursue would be barred, including by the applicable statutes of limitation or repose or on other grounds.

11. How do I get out of the Settlement Class and the proposed Settlement?

To exclude yourself from the Settlement Class and the Settlement, you must send a letter by First-Class Mail stating that you “request exclusion from the Class in the *Block.one Settlement*.” Your letter must identify your purchases or acquisitions of ERC-20 Tokens and/or EOS Tokens during the Class Period, including the dates, the number of ERC-20 Tokens and/or EOS Tokens purchased or acquired, and price paid for each such purchase or acquisition. In addition, you must include your name, address, telephone number, and your signature. Alternatively, you may email your application to the following address: info@blockone-settlement.com.

**QUESTIONS?
PLEASE CALL (855) 535-1874
OR VISIT www.blockone-settlement.com**

You must submit your exclusion request so that it is **postmarked no later than October 27, 2021** to:

EXCLUSIONS
Block.one Settlement
c/o Epiq
P.O. Box 4808 Portland, OR 97208-4808
(855) 535-1874

If you ask to be excluded, you will not get any payment from the Settlement, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue the Released Defendants Parties about the Released Claims in the future.

12. If I do not exclude myself, can I sue the Defendants and the other Released Persons for the same conduct later?

No. Unless you exclude yourself, you give up any rights you may potentially have to sue the Defendants and the other Released Parties for any and all Settlement Class's Released Claims. If you have a pending lawsuit against the Released Parties, speak to your lawyer in that case immediately. You must exclude yourself from the Class in this Action to continue your own lawsuit. Remember, the exclusion deadline is October 27, 2021.

13. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, you should not send in a Proof of Claim to ask for any money. But you may have the right to potentially sue or be part of a different lawsuit against the Defendants and the other Released Parties.

THE LAWYERS REPRESENTING THE SETTLEMENT CLASS

14. Do I have a lawyer in this case?

The Court has appointed Grant & Eisenhofer P.A. to represent the Settlement Class Members, including you. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers be paid?

Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed 25% of the Settlement Amount and for expenses, costs and charges the lawyers incurred in an amount not to exceed \$300,000 in connection with the Action, plus interest on such fees and expenses at the same rate as earned by the Settlement Fund. Such sums will be paid from the Settlement Fund if they are approved by the Court.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or any part of it.

16. How do I tell the Court that I object to the proposed Settlement?

If you are a Settlement Class Member, you can comment on or object to the proposed Settlement, the proposed Plan of Allocation and/or Lead Counsel's fee and expense application. You can write to the Court setting out your comment or objection. The Court will consider your views. To comment or object, you must send a signed letter saying that you wish to comment on or object to the proposed Settlement in the *Block.one Settlement*. Include your name, address, telephone number, and your signature, identify the date(s), price(s), and number of ERC-20 Tokens and/or EOS Tokens you purchased, acquired, and sold during the Class Period, and state with specificity your comments or the reasons why you object to the proposed Settlement, Plan of Allocation and/or fee and expense application, including any legal support for such objection. Any objection must state whether it applies only to the objector or to the Class as a whole. You must also include copies of documents demonstrating your purchase(s), acquisition(s), and/or sale(s). Your comments or objection must be filed with the Court and mailed or delivered to each of the following addresses such that it is **received no later than October 27, 2021**:

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COURT

CLERK OF THE COURT
UNITED STATES DISTRICT
COURT
SOUTHERN DISTRICT OF
NEW YORK
500 Pearl Street
New York, NY 10007

LEAD COUNSEL

GRANT & EISENHOFER P.A.
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dberger@gelaw.com

DEFENDANTS' COUNSEL

DAVIS POLK & WARDWELL LLP
NEAL POTISCHMAN
1600 El Camino Real
Menlo Park, CA 94025
Neal.potischman@davispolk.com

17. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object **only** if you stay in the Class.

Excluding yourself is telling the Court that you do not want to be paid and do not want to release any claims you think you may have against Defendants and their Related Parties. If you exclude yourself, you cannot object to the Settlement because it does not affect you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend and you may ask to speak, but you do not have to.

18. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a hearing at **9:30 a.m., on November 17, 2021**, in the Courtroom of the Honorable Lewis A. Kaplan, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY 10007 (the "Settlement Hearing"). At the hearing, the Court will consider whether the Settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them, even if you do not ask to speak at the hearing. The Court will listen to people who have asked to speak at the hearing. The Court will also consider Lead Counsel's application for an award of attorneys' fees and expenses and may also decide how much to pay to Lead Counsel and Lead Plaintiff. After the Settlement Hearing, the Court will decide whether to approve the Settlement and the Plan of Allocation. We do not know how long these decisions will take. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Settlement Class Members.

19. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. However, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed or submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

20. May I speak at the hearing?

If you object to the Settlement, the Plan of Allocation, and/or the fee and expense application, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (*see* question 16 above) a statement saying that it is your "Notice of Intention to Appear in the *Block.one Settlement*." Persons who intend to object to the Settlement, the Plan of Allocation, and/or any attorneys' fees and expenses to be awarded to Lead Counsel or Lead Plaintiff and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. Your notice of intention to appear must be **received no later than October 27, 2021**, and addressed to the Clerk of Court, Lead Counsel, and Defendants' Counsel, at the addresses listed above in question 16.

You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

21. What happens if I do nothing?

If you do nothing, you will not receive any money from this Settlement. In addition, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants and their Related Parties about the Settlement Class's Released Claims in this case.

QUESTIONS?
PLEASE CALL (855) 535-1874
OR VISIT www.blockone-settlement.com

GETTING MORE INFORMATION

22. How do I get more information?

For even more detailed information concerning the matters involved in this Action, you can obtain answers to common questions regarding the proposed Settlement by contacting the Claims Administrator toll-free at (855) 535-1874. Reference is also made to the Settlement Agreement, to the pleadings in support of the Settlement, to the Orders entered by the Court and to the other settlement related papers filed in the Action, which are posted on the Settlement website at www.blockone-settlement.com, and which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, during regular business hours. For a fee, all papers filed in this Action are available at www.pacer.gov.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS

The Settlement Amount of \$27.5 million and any interest earned thereon is the “Settlement Fund.” The Settlement Fund, less all taxes, tax expenses, notice and claims administration expenses, and approved fees and expenses (the “Net Settlement Fund”) shall be distributed to Settlement Class Members who submit timely and valid Proof of Claim forms to the Claims Administrator (“Authorized Claimants”).

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among the Settlement Class Members.

The Claims Administrator shall determine each Class Member’s security of the Net Settlement Fund based upon the recognized loss formula (the “Recognized Loss”) described below. A Recognized Loss will be calculated for each EOS Token and/or ERC-20 Token (“Token”) purchased or otherwise acquired in the Class Period. The calculation of a Recognized Loss will depend upon several factors, including when the Tokens were purchased or otherwise acquired and in what amounts, whether they were ever sold, and, if so, when they were sold and for what amounts. The Recognized Loss is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to the Settlement Class Member pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to Settlement Class Members.

Your security of the Net Settlement Fund will depend on the number of valid Proofs of Claim and Release that Settlement Class Members send in, and how many Tokens you purchased or otherwise acquired during the Class Period, and whether you sold any of those Tokens and when you sold them.

The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants. Furthermore, if any of the formulas set forth below yield an amount less than \$0.00, the claim per Token is \$0.00.

In the event a Settlement Class Member has more than one purchase (or acquisition) and sale of Tokens during the Class Period, all such purchases and sales shall be matched on a First- In, First-Out (“FIFO”) basis. Sales will be matched against purchases in chronological order, beginning with the earliest purchase made.

The total recognized loss is calculated for all matched purchases and sales for a given claimant. If the matched purchases and sales for a given claimant reflect an overall gain, the recognized claim for the specific Token involved in the claimant’s transactions will be \$0.00. The Claims Administrator shall allocate to each Authorized Claimant a *pro rata* share of the Net Settlement Fund based on his, her, or its recognized loss as compared to the total recognized losses of all Authorized Claimants. No distribution shall be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

For each purchase or acquisition of Tokens that is properly documented, a “Recognized Loss Amount” will be calculated according to the formulas described below. Such “Recognized Loss Amounts” will be aggregated across all purchases to determine the “Recognized Claim” for each Class Member. To the extent a Class Member has a Recognized Loss Amount under the 1934 Act and the 1933 Act resulting from the same purchase or acquisition of Tokens, the Recognized Loss Amount will be the greater of the 1934 Act Recognized Loss Amount and the 1933 Act Recognized Loss Amount.

The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

QUESTIONS?

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1934 ACT CLAIMS RECOGNIZED LOSS AMOUNTS

For the 1934 Act claims, the Plan of Allocation was developed based on the alleged inflation per Token shown in the chart below.³ A 1934 Act Recognized Loss Amount is calculated for each Settlement Class Member who purchased Tokens during the period of June 26, 2017 through June 25, 2019 based on when that claimant purchased and sold its Tokens, or retained such Tokens beyond the end of this period.

Based on the formulas presented below, a “1934 Act Recognized Loss Amount” will be calculated for each purchase or acquisition of Tokens during the period of June 26, 2017 through June 25, 2019 that is listed on the Proof of Claim and Release form and for which adequate documentation is provided. If a Recognized Loss Amount calculates to a negative number or zero under the formula below, that Recognized Loss Amount will be zero.

<u>Inflation Period</u>	<u>Inflation per Token</u>
June 26, 2017 – June 7, 2018	\$8.00
June 8, 2018	\$7.61
June 9, 2018 – June 10, 2018	\$6.82
June 11, 2018 – June 21, 2018	\$5.97
June 22, 2018 – June 24, 2018	\$5.05
June 25, 2018	\$4.67
June 26, 2018 - June 2, 2019	\$4.14
June 3, 2019	\$2.34
June 4, 2019	\$2.59
June 5, 2019 – June 21, 2019	\$2.57
June 22, 2019 – June 24, 2019	\$2.10
June 25, 2019	\$1.83
June 26, 2019 - May 18, 2020	\$0.00

For Tokens purchased or acquired on or between June 26, 2017 through and including June 25, 2019, the recognized loss per Token shall be as follows:

- a) If sold on or before June 7, 2018, the recognized loss per Token is \$0.00;
- b) If sold after June 7, 2018 but before June 26, 2019, the recognized loss per Token shall be the lesser of: (i) the alleged inflation per Token at the time of purchase minus the alleged inflation per Token at the time of sale; and (ii) the difference between the purchase price and the selling price.
- c) If retained after 12:00 a.m. on June 26, 2019, the recognized loss per Token shall be the least of: (i) the alleged inflation per Token at the time of purchase; (ii) the difference between the purchase price and the selling price (if sold); and (iii) the difference between the purchase price and \$2.66.

1933 ACT CLAIMS RECOGNIZED LOSS AMOUNTS

1933 Act claims were asserted with respect to Tokens purchased or otherwise acquired in the Token Sale. The 1933 Act claims asserted in the action serve as the basis for the calculation of 1933 Act Recognized Loss Amounts.

Based on the formulas stated below, a “1933 Act Recognized Loss Amount” will be calculated for each purchase/acquisition of Tokens in the Token Sale. If a 1933 Act Recognized Loss Amount calculates to a negative number or zero under the formula below, that number will be zero.

A 1933 Act Recognized Loss Amount will be calculated as set forth below for each purchase or other acquisition of a Token pursuant to the Token Sale.

For Tokens purchased or acquired in the Token Sale, and

- 1) sold on or before May 18, 2020, the recognized loss per Token is the purchase price per Token minus the sale price; or
- 2) retained at the close of trading on May 18, 2020, the recognized loss per Token is the purchase price per Token minus the closing price on May 18, 2020 of \$2.66 per Token.

³ Under §21(D)(e)(1) of the 1934 Act, “in any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security.”

QUESTIONS?
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A purchase, acquisition or sale of Tokens shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. All purchase, acquisition and sale prices shall exclude any fees and commissions.

Distributions will be made to Authorized Claimants after all claims have been processed, after the Court has finally approved the Settlement, and after any appeals are resolved. If there is any balance remaining in the Net Settlement Fund after at least six (6) months from the initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), the Claims Administrator shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is no longer economically feasible to distribute to Settlement Class Members. Thereafter, any balance that still remains in the Net Settlement Fund shall be donated to any appropriate non-profit charitable organization(s) unaffiliated with any party or their counsel serving the public interest.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim and Release. If you are dissatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Settlement Class Members and the claims administration process, to decide the issue by submitting a written request.

The Court has retained jurisdiction to allow, disallow, or adjust the claim of any Class Settlement Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiff, Lead Counsel, any Claims Administrator, any other Person designated by Lead Plaintiff’s Counsel, or any of the Released Persons based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Settlement Class Members who fail to complete and submit a valid and timely Proof of Claim and Release shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Settlement, including the terms of any judgment entered and the releases given.

A “claim” will be calculated as follows:

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

For Settlement Class Members who made multiple purchases, acquisitions, or sales during the Class Period, the First-In, First-Out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of ERC-20 Tokens during the Class Period will be matched, in chronological order, against ERC-20 Tokens purchased or acquired during the Class Period, and sales of EOS Tokens during the Class Period will be matched, in chronological order, against EOS Tokens purchased or acquired during the Class Period.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Settlement Class Member had a net overall loss, after all profits from transactions in all ERC-20 Tokens or EOS Tokens described above during the Class Period are subtracted from all losses. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

A purchase, acquisition, or sale of ERC-20 Tokens or EOS Tokens shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. All purchase, acquisition and sale prices shall exclude any fees and commissions.

Distributions will be made to Authorized Claimants after all claims have been processed, after the Court has finally approved the Settlement, and after any appeals are resolved. If there is any balance remaining in the Net Settlement Fund after at least six (6) months from the initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), the Claims Administrator shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is no longer economically feasible to distribute to Settlement Class Members. Thereafter, any balance that still remains in the Net Settlement Fund shall be donated to any appropriate non-sectarian, non-profit charitable organization(s) serving the public interest.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are dissatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Settlement Class Members and the claims administration process, to decide the issue by submitting a written request.

QUESTIONS?
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OR VISIT www.blockone-settlement.com

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Settlement Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. The Released Defendant Parties shall have no liability, obligation, or responsibility whatsoever with respect to: (i) any act, omission, or determination by the Escrow Agent, Lead Counsel, Lead Plaintiff, or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (ii) the management, investment, or distribution of the Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration, or calculation of claims to be paid from the Settlement Fund; or (v) the payment or withholding of Taxes or Tax Expenses, or any expenses or losses incurred in connection therewith. No Person shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator, or other Person designated by Lead Counsel, Defendants, or Defendants' Counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Settlement Class Members who fail to complete and submit a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

**SPECIAL NOTICE TO EXCHANGES OR OTHER TOKEN SELLERS
AND OTHER NOMINEES**

If you purchased or acquired ERC-20 Tokens or EOS Tokens during the Class Period for the beneficial interest of an individual or organization other than yourself, the Court has directed that, WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired such tokens during such time period, or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within ten (10) days mail the Notice and Proof of Claim form directly to the beneficial owners of the tokens referred to herein. If you choose to follow alternative procedure (b), upon such mailing, you must send a statement to the Claims Administrator confirming that the mailing was made as directed and retain the names and addresses for any future mailings to Settlement Class Members. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Your reasonable expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Block.one Securities Settlement
c/o EPIQ
P.O. Box 4808
Portland, OR 97208-4808
(855) 535-1874
info@blockone-settlement.com

--or--

www.blockone-settlement.com

**QUESTIONS?
PLEASE CALL (855) 535-1874
OR VISIT www.blockone-settlement.com**