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January 22, 2017

VIA ELECTRONIC MAIL

USI-TECH Limited
Attn: Horst Jicha
P.O. Box 65736
708, Fairmont Hotel Sheikh Zayed Road
Dubai, United Arab Emirates

RE: Hart David Carson LLP | USI-TECH – North America / Exit / Regulatory/Marketing
Case No. N/A
Our File No. C1701155

Mr. Jicha:

Per our conversations, USI-Tech Limited (“USI”) has asked this firm to draft the present memorandum detailing the current state of USI in the United States, the issues presently effecting business development in the United States, and the primary concern with future involvement and business in the United States.

As you are aware, USI is actively involved in ongoing regulatory matters in the following states: Minnesota, Washington, Texas, and Hawaii. Counsel at HDC is actively engaged with each of the aforementioned states and is working to identify the principal state-based issue, resolve said issue accordingly, and pursue/attain any and all necessary state-based qualifications and/or licensure. This being said, it can be stated without equivocation that the primary objection posited by each state revolves around the marketing techniques employed by USI members when holding public demonstrations and/or marketing USI over the internet via video or blog.

Additionally, it appears to be a widely held stances among the various states that, but for the marketing techniques of USA and Canada-based USI members, USI could develop a pathway to full regulatory acceptance without tremendous issue. This being said, the issue of regulating and monitoring USI members marketing techniques remains an outstanding matter that must be addressed prior to any consideration of re-entry into the US market. I would advise that USI employ a system of internal regulation and vetting process specific to reviewing proposed marketing scripts, marketing/sales materials, and USI corporate documents.

Secondarily, the issue of account review, auditing, and oversight in North America remains a consistently troubling issue. From the statistics and figures observed by our firm, it appears that the USI system specific to North America has experienced an inordinate number of auto-generated and/or falsified accounts. Additionally, BTC-package buy-backs specific to these accounts seem to be a presently unregulated issue that has resulted in a (currently potential) loss of USI funds. Again, this appears to be simply a matter of members exploiting the internal network functionality of USI in order to create duplicated accounts, and upon creation utilizing these accounts (and others held by the same member) to execute BTC-package buy-backs at a limitless rate. Again, from the statistics and figures observed by our firm, it appears that the primary culprits appear in North America. With this in mind, we would advise that USI – again – employ a system of internal network checks and balances that would require additional and/or increased Know-Your-



Customer (“KYC”) obligations along with strict policies in place that, if violated, result in temporary or permanent banishment. Again, I would advise that these measures be employed prior to any consideration of re-entrance into the North American market. Moreover, until such time as the USI back-office can determine the legitimacy of each North American account and perform an internal audit regarding BTC-package buy-backs, the consideration of final account payouts should be addressed with caution.

In closing, let us be clear that we continue to interact and communicate with each and every state regulatory body and/or commerce department in order to ensure USI stays within the law or actively endeavors to alter its conduct in furtherance of adherence. This being said, but for the hardening of internal regulatory procedures imposed upon the members, USI’s battles within North America will be constantly fought from a less-than-optimal position.

Naturally I am available to address any ongoing legal concerns regarding the above and look forward to seeing USI venture into North America once again in the foreseeable future.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jonathan D. Herpy Sr.', written over a printed name.

Jonathan D. Herpy Sr,

JDH/ac
Enclosures