



THE  
**MEDICI**  
PROJECT  
*C.G. Medici & Co.*

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**WRAP FEE BROCHURE**

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This wrap fee Medici App brochure provides information about the qualifications and business practices of **C.G. Medici & Co**, doing business as or otherwise known as **Medici** (“Medici”), related to the wrap fee Medici App sponsored by Medici, an application-based investment advisory Medici App.

Users of the firm may be referred to as “the User,” “you,” “your,” collectively “Users,” or similar. If the User has any questions about the contents of this brochure, please email Medici at **info@medici.ai**. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Medici is an investment adviser registered with the SEC.

**Registration does not imply a certain level of skill or training.**

Additional information about Medici is also available on the SEC’s website at **www.adviserinfo.sec.gov**.

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**C.G. Medici & Co.**

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## 2 - MATERIAL CHANGES

### March 2023

- The nature of Medici's business has changed to focus on Digital Assets and decentralized technologies.
- The Medici Project is still not providing custody services, however we are now accepting "Self-Custody" assets from users to be invested via the Medici protocol; i.e. assets held in the user's own digital wallet.
- Medici's fee structure has changed from a subscription based model to a AUM-based model. However, our fees still fall under a wrap fee program.

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## 4 - SERVICES, FEES AND COMPENSATION

### Introduction

#### **Our Business**

Medici is an SEC-registered online investment advisor that provides asset management services for Digital Assets in the Web3 space. Users can access these services through the Medici phone or web application (referred to as the "Medici App").

Our service involves using smart contracts to commit existing assets from your crypto wallet (known as the "Wallet") to pre-vetted crypto liquidity pools. You can invest or withdraw your capital at any time using the in-app "invest" or "withdraw" functions. These actions will take place once a week at the end of each investment period (known as an "epoch").

The portfolios offered by Medici are based on the current portfolio of rated assets chosen by our Investment Committee. These assets may change and be automatically rebalanced throughout the year.

It's important to note that Medici is not a bank and the assets used in portfolios are not considered cash equivalents. Investing in the Medici protocol carries the risk of total loss.

**THE MEDICI PROJECT RECOMMENDS INVESTING NO MORE THAN 15% OF YOUR NET WORTH INTO THE PROJECT.**

**Net Worth = Assets (cash, investments, home equity, cars, jewelry, etc.) - Liabilities (debts such as mortgages, student loans, car loans, etc.)**

#### **Our Company**

Medici (C.G. Medici & Co.) is a private corporation headquartered in New York City, NY. As of March 2023, Medici's product is still in a "pre-launch" state, and thus Medici has no assets under management, nor any Users.

The principal owners of Medici are Eliot Puplett and Elliot Radsliff.

Additional information about Medici' products, structure and directors is provided on Part 1 of Medici' Form ADV which is available online at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or at [www.medici.ai](http://www.medici.ai). We encourage visiting our website [www.medici.ai](http://www.medici.ai) for additional information.

# Medici App Description (Medici App)

## Introduction

The Medici App is a bundled service offered by Medici that combines all of their services and any services provided by third-party partners into one fee. This fee, called the “Wrap Fee,” does not cover the cost of Gas Fees (or other transaction fees) when users commit or decommit capital.

The Medici App aims to help users safely navigate the crypto asset market by limiting exposure, conducting thorough research on investments, educating users on industry terms and models, and assisting with financial integration between traditional finance and the new Web3 finance world.

By supporting and educating users, the Medici App hopes to promote long-term wealth creation and a more organized decentralized financial environment.

## Investment Management & Important Concepts

The Medici App helps you manage your investments in stable coin liquidity pools. You can earn money safely by buying carefully selected tokens and holding them in the pool to collect trade fees (known as “Staking”). Our Investment Committee reviews all tokens to make sure they're a good choice before adding them to the Medici portfolio.

What is a Liquidity Pool?

A liquidity pool is a collection of assets, typically cryptocurrencies, that are gathered in a single pool to be used as collateral to support trades on decentralized exchanges. It provides users with the ability to trade assets without having to rely on a centralized party to act as a market maker. The pool is maintained by liquidity providers who deposit their assets into the pool in exchange for rewards. The liquidity in the pool helps to ensure that there is always enough supply and demand for any given asset to make trades possible, reducing the risk of slippage for traders.

What is a Stable Coin?

A stable coin is a cryptocurrency that is pegged to a stable asset, such as the US dollar, to maintain its value. This means that the value of the stable coin will not fluctuate as much as other cryptocurrencies, providing a more stable investment option. Stable coins can be used to store, send and receive money, just like other cryptocurrencies, but with the added stability of being pegged to a stable asset. This makes them an

attractive option for people looking for the benefits of cryptocurrencies, but with the security of a stable value.

Some stable coins are collateralized (i.e. “backed”) by physical assets, such as gold bullion, US Dollars in a physical account, or some other physical assets; and some stable coins are algorithmic, which means they use a mathematical calculation to manage the supply of the coin to maintain a stable price point.

What is Staking?

Staking is a way to earn money by holding and locking up a certain amount of cryptocurrency in a wallet for a certain amount of time (similar to a Certificate of Deposit in traditional markets). This helps to secure the network and validate transactions. In return for staking, you receive a reward for your contribution to the network, which is usually a percentage of the total amount you have staked. This reward can increase as the network grows and becomes more secure, which results in higher staking rewards for token holders. Essentially, staking generates passive income through a process of helping to secure a blockchain network.

What is Decentralization?

Decentralization in Web3 refers to the distribution of power and control across a network of participants, instead of being centralized in a single entity. This allows for a more democratic, transparent, and secure system, as all participants have equal say in decision-making and there is no single point of failure. Web3 technology, such as blockchain, enables this decentralization by allowing for secure and transparent transactions without intermediaries. This allows for a more equitable and secure internet, where data and assets are controlled by the users rather than corporations.

What is Self-Custody?

Self-custody refers to an individual taking control and responsibility for their own assets, rather than relying on a third-party, such as a bank or financial institution, to manage and store them. This means that the individual is responsible for securing their assets, such as cryptocurrency, in a private wallet. Self-custody reduces the risk of unauthorized access or theft by external entities and gives the individual complete control over their assets. Users are strongly encouraged to practice proper private key management to further safeguard their assets.

What is a Soul-Bound NFT?

Soul-bound NFTs are a type of non-fungible token that are unique and can only be tied to a specific wallet. Think of it as a digital ownership certificate of a unique item or collectible, like a piece of artwork or a rare trading card, that is linked to a specific person's identity. Unlike traditional physical ownership, soul-bound NFTs are stored on a blockchain, providing a secure and transparent record of ownership. Once a soul-bound NFT is created, it cannot be duplicated or altered, and it remains permanently linked to its owner. Medici uses Soul-bound NFTs deposited to your crypto wallet to custody your investments - like an electronic Certificate of Deposit.

## **The Medici Application**

Medici communicates with users through a phone app that you can download from the Apple App Store or Google Play Store. The app was created and is maintained by C.G. Medici & Co. (also known as "Medici"). It offers investment recommendations and services specifically for cryptocurrency assets. Medici doesn't give investment advice in person, over the phone, or through live chat. Advisory services are exclusively offered through the Medici App. Medici provides technology, marketing, technical, and back office support for the app, both directly and through third-party partners.

## **The Advisory Agreement & Additional Terms**

To use Medici's investment services, the User must agree to an Advisory Agreement. This agreement outlines the services provided, fees charged, and relationship between the User and Medici. The advisory relationship begins once the User agrees to the terms. Any information provided before agreeing to the Advisory Agreement is not considered investment advice.

If the User wants to obtain other financial products through Medici, they may need to sign additional agreements with Medici's partners or open new accounts through the Medici App or a third-party portal. Medici will act as a middleman and share necessary personal information with the third party. The User always makes the final decision when establishing new financial relationships.

## **We promise to keep your personal information private and will only suggest opening an account or using a financial service if it benefits you.**

We use risk profile analysis to provide you tailored investment recommendations, and you always have the final say on whether or not to move forward with those recommendations. We do not automatically move new capital without your consent.

Sometimes we offer the Medici App for free to certain users (during a "promotional period"), but not everyone may qualify and it is at our discretion. If you do get a promotional period,



you still get the same level of service and requirements as paying users. We may also give you money back on certain fees, based on what financial products fit your goals.

## App Services & Limitations

The Medici App helps manage your investments in crypto stable coins. It uses smart-contracts to take money from your digital wallet and put it into a group of stable coins. This group is adjusted throughout the year to keep it balanced and meet your investment goals.

Our investment team has a way of measuring how risky an investment is. We made our own method that looks at different things like:

- how old the token is,
- how much is traded every day,
- how much the price goes up and down, and
- if there is any collateral to back it up.

We use these things to decide if an investment is good or bad, and give it a rating from AAA to D. AAA is the best rating and D means we can't rate it. Ratings information can be found on our website at [www.medici.ai](http://www.medici.ai)

When you sign up for the Medici Application, we'll ask you some questions to figure out how much money you should invest in the Medici Project portfolio. We believe that investing in crypto is risky and suggest that you invest no more than 15% of your total worth in this asset class right now. Based on your assets and income, we'll calculate a 15% discount and give you a number. This number may be \$0, which means we advise you not to invest in The Medici Project protocol.

Medici wants to be clear that our app and services are not a replacement for a full evaluation of your entire financial situation. It is up to you to decide if our services are a good fit for your needs. If you're unsure, please reach out to us at [info@medici.ai](mailto:info@medici.ai), but **remember that it's better to err on the side of caution.** We want to bring safety and security to the Crypto Space, however as a new company, we can't guarantee success. Please be careful when making investment decisions, as Medici does not provide comprehensive financial planning and there may be other factors to consider.

## Risk Factors

This summary covers some of the risks that come with using the Medici App. It's not a complete list of everything that could go wrong with your Medici Account.

## General Risks

Medici cannot promise you will make money or avoid losing money when investing in crypto. Investing in crypto is risky and can result in financial loss. The amount of risk and potential loss may vary for each person and can change over time. Medici's portfolio on the app is affected by market changes, volatility, liquidity, and other risks that come with investing in a new asset class. It's important to remember that just because an investment did well in the past, doesn't mean it will do well in the future. All investments come with some level of risk and you should be prepared to lose some or all of the money you invest or earn, including the initial amount.

## Reliance on Technology

Medici uses technology like computers, software, and communication systems to give financial advice. These rely on automated systems for things like collecting data, making recommendations, and managing risks. However, these systems can sometimes have errors or malfunctions, which can affect the quality of the advice given. Medici tries to minimize these errors through testing and monitoring, but they may still happen. It's difficult to detect and fix these errors, and they can compound over time. Medici may not always disclose these errors to users, but we will try to address errors if we become aware of one. We also try to create backups of their systems, but unforeseeable problems may still happen. If there's a problem caused by something outside of Medici's control, users may be negatively affected.

## Reliance on Data

The Medici App uses a lot of data from different sources to generate investment recommendations. The data used in making decisions comes from sources that are believed to be reliable, but Medici cannot guarantee that all data is completely accurate. Sometimes not all the necessary data is available, and Medici will make recommendations based on the data it has. Users should be aware of these limitations and risks when using the Medici App.

**The accuracy of the recommendations also depends on the accuracy of the information provided by the user. The recommendations are limited to the questions asked and the information provided by the user.**

## Statistical Measurement Error

Medici uses historical data to make financial predictions, but these techniques can only offer estimates of future market behavior, not guarantees. There's no way to know for sure if the predictions will be accurate, and statistical methods can't account for all the complexities of the market or individual user choices. Plus, changes in the market or individual situations can make these predictions less reliable. We also use historical data to make recommendations

based on your personal risk profile, so in the event the data we are given is inaccurate, investment recommendations offered to you may be misaligned.

### **Cybersecurity Risk**

Medici and its affiliates, along with service providers like third-party vendors and financial institutions, use information and technology systems that could be damaged or interrupted by things like computer viruses, network failures, and security breaches. These events could impact Medici and the Medici App. While Medici has measures in place to manage these risks, if the systems are compromised it could be costly to fix or replace them. If these systems fail, it could cause significant interruptions in Medici's ability to do business and keep sensitive data private. These risks are particularly acute for Medici due to the dependence on technology.

### **Self-Custody Risk**

Self-custody means that only you can access your assets through your Crypto Wallet, and Medici cannot access them without your permission. If you lose your Crypto Wallet passcode, you won't be able to access your assets again. If you choose to store your assets on a physical Crypto Wallet, there is a risk of losing or damaging the device, which could result in a total loss of your assets. It's crucial that you take your responsibility as the custodian of your assets seriously, just as you would with physical dollars in a wallet. We strongly recommend practicing good management of private keys and other safeguards to protect your assets (including where your backup keys are maintained, evaluating different wallet types, and consideration of a hardware wallet, to name a few examples).

### **Diversification Risk**

When you use the Medici App to invest, you're only dealing with one part of the investment world: cryptocurrency. This is a very risky and volatile type of investment, even if the Medici Project tries to balance it out. That's why it's important to remember that cryptocurrency is just one type of investment, and you need to have a diverse range of investments to protect yourself from big losses. If you only invest in cryptocurrency, you're taking a big risk and could experience a lot of unpredictable changes in value.

### **Risks Associated with Cryptocurrencies**

Cryptocurrencies are a new type of investment and there isn't a lot of information about them yet. This can make it hard to know how much they're really worth, which can cause prices to change a lot. Since regulation of cryptocurrencies is not clearly defined, there aren't many protections for investors if something goes wrong. If you're thinking of investing in cryptocurrency, you should be aware that it's risky and you might lose all your money.

## **Interest Rate & Inflationary Risks**

As a Medici user, you may face a risk of losing money due to inflation if you keep your cash sitting idle in your Crypto Wallet in USD-Denominated StableCoins or other currencies. This is because when interest rates rise, the value of your cash may be eaten away by inflation if you don't invest it. Even if you do invest it, inflation may still outpace your returns. This means that the value of your cash may decrease over time due to inflation, which weakens the value of all currency.

## **Hypothetical Performance and Projected Returns**

Any expected returns that are shown are just estimates and are not a guarantee of what will actually happen. These estimates are based on a number of factors and are not always accurate. If these estimates are wrong, it could affect your ability to reach your financial goals. Also, the actual performance of your investments may not match what was projected, and you may not make as much money as you had hoped.

## **Algorithmic Risk**

The use of algorithms in the Medici App carries the risk that changes to the code may not work as intended. This risk is greater if changes are not tested thoroughly before being implemented. The Medici App uses a limited amount of information to generate recommendations for each user, based on their responses to a questionnaire. However, this information may not be complete or accurate, and may not produce the desired effect. The App assumes that each response corresponds to a particular recommendation, but users can choose from a limited selection. The App relies on third-party sources for information, which could affect its performance if there are issues with the delivery or accuracy of that information.

## **Limited Nature and Scope of the Medici App**

The Medici App is not a substitute for professional financial, tax, or legal advice. Users should consult with their own advisors for guidance. Medici and its affiliates are not responsible for making sure User End Accounts follow IRS rules, including Traditional IRA, Roth IRA, Debt Account, Bank Account, or other accounts linked to the app. Medici will not produce tax reports and strongly suggests following IRS practices for reporting gains and losses on digital assets. Medici is also not responsible for tax penalties, unless required by law. It's possible that other investment products are better suited for Users than those offered on the Medici App. Users should carefully consider their personal financial needs before using the Medici App.

## **Dependence on Key Individuals**

The Medici App gives advice and recommendations, but it depends on two teams: the Product Management Team and Medici's Investments Team. If any of the people on those teams die, become disabled, or leave the company, it could cause problems. The advice and recommendations might not get updated, which could make them outdated without anyone realizing it. This could hurt Medici's business & your investments.

## **Market and Volatility Risk**

The money you invest may decrease in value, sometimes by a lot. This is because the value of the things you invest in can go up or down depending on things happening in the world or the company's industry. Sometimes, the companies you invest in can go bankrupt and then the value of your investment will drop to zero. Sometimes, the government will get involved in markets and this can cause prices to change quickly, especially when interest rates change. There's also a risk that the exchanges where you trade your investments could fail, or of their clearinghouses.

## **Operational Risk**

Operational risk refers to the possibility of losing something due to errors or failures within Medici's internal processes or systems, as well as external events or human error. This risk can result from a variety of factors, from minor processing errors to major system failures. Sometimes, mistakes or "Operating Events" happen within the Medici App. To address these events, Medici has policies and procedures in place.

If an Operating Event is deemed a mistake on Medici's part, the user may be compensated based on factors like contractual obligations, legal requirements, and business practices. However, not all Operating Events will be considered compensable mistakes. Medici will determine the amount to be reimbursed based on reasonable guidelines and direct and actual losses, but not speculative or uncertain amounts. Users are entitled to any gains resulting from an Operating Event, and erroneous transactions are corrected according to established procedures.

## **Financial Difficulties of Institutions and Custodians**

There is a possibility that third party service providers will encounter financial difficulties that may impair operational capabilities.

## **Regulatory Changes**

Medici's operations may be affected by changes in laws and regulations. It's hard to predict how any changes will impact the liquidity of markets and how the Medici App will work. This uncertainty may have a big effect on the services that Medici provides.

## **Taxes**

You are responsible for paying taxes on all transactions made in your account and any financial advice provided by Medici. We do not give detailed tax advice, so we suggest you seek help from a qualified tax professional. We are not responsible for obtaining tax credits or preparing legal documents on your behalf. If you follow our investment recommendations, you may have to pay taxes on any gains or losses. You are solely responsible for calculating, filing, and paying any resulting tax obligations.

## **Other Catastrophic Risks**

Along with the risks mentioned earlier, there are other catastrophic events that could result in loss for Users, Medici, and their affiliates. These events include public health crises like COVID-19, natural disasters such as hurricanes and earthquakes, acts of war or terrorism, and power outages. The impact of these events on Medici and Users will depend on various factors, such as the duration and scope of the emergency, travel advisories and restrictions, and economic activity. If any of these events have a material effect on global or specific markets, there could be significant risks of loss for Users and Medici's ability to fulfill investment objectives.

## **Fees**

At Medici, we offer services for managing your assets. These services come at a fee that is calculated based on a percentage of your Assets Under Management (AUM). For instance, if your AUM is \$10,000 and the fee is 1%, you would pay \$100 annually.

Medici will never charge a fee of over 3%.

## **Fee Calculation**

To ensure a more accurate representation of our management services, we calculate and take the fee on a weekly basis at the end of each week. This means the fee is calculated by dividing the annual fee by 52 weeks. For example, if the fee is 2%, the weekly fee would be 0.04% (2% annual rate divided by 52 weeks).

So, if you have \$1,000 under management with Medici and the current annual fee is 2%, you would pay a fee of 40 cents per week, assuming no changes to your account balance.

We calculate the fees at the end of each week to include any yield generated during that week, but exclude any account changes such as withdrawals or investments. This way, our fee accurately represents the amount of capital managed throughout the week and doesn't take into account any capital that has been added or moved into the account during the week.

Since this is a volatile space, we believe weekly fees are more appropriate for both parties compared to a monthly, quarterly, or annual practice exercised in traditional market investments for advisory services. This also allows you to withdraw funds without concern of your assets being locked up for too long.

For example, if your account generates \$10 in yield (i.e. profits generated on your invested capital) during the week, your weekly fee would be based on the total amount of assets under management plus the yield generated. But, if you added \$100 to your account during the week, that amount wouldn't be factored into the fee calculation until the end of the next week.

See below for a detailed example **(remember that these numbers are EXAMPLE ONLY)**:

EXAMPLE ACTION	AMOUNT	WEEK	ANNUAL	EXPLANATION
Starting Balance	\$ 21,345.00			The balance at the start of the week
Yield	\$ 28.73	0.13%	7.00%	Yield generated throughout the week
<b>New Balance</b>	<b>\$ 21,373.73</b>			Fee is calculated against this amount
Medici Fee	\$ 4.11	0.02%	1.00%	Our AUM Fee (example only)
<b>Balance, Net of Fees</b>	<b>\$ 21,369.62</b>			New balance with the fee removed
Yield (Net of Fee)	\$ 24.62	0.12%	6.00%	Yield, net of fees (Shown in Medici App)
User Investments	\$ 200.00			Investments made
User Withdrawals	\$ 325.00			Withdrawals made
<b>Ending Balance</b>	<b>\$ 21,244.62</b>			New starting balance for the next week

## **Transaction Fees**

The Medici Fee covers all the charges for using Medici's service. But if you stake or unstake your money in Medici's protocol, you will have to pay Transaction Fees, also known as "Gas Fees." These fees are not charged by Medici, but by miners and validators who process transactions on a blockchain network. Gas fees are not unique to Medici and apply to every outgoing transaction made on blockchain networks. The fees depend on how complicated the transaction is and how crowded the network is. You usually pay in the same denomination of cryptocurrency you are using. When many people want to use the network, the fees can be higher.

## **Fee Changes**

Any change to the Medici fee will be communicated to users 30 days before the change takes place.

## Brokerage and Custody

The Medici Project doesn't keep your assets. Instead, your assets are kept in your wallet in a self-custody model. This means that Medici doesn't track your finances; we rely on your wallet to tell us what assets you have and how they are being used.



## 5 - ACCOUNT REQUIREMENTS & TYPES OF USERS

The Medici App is available for, and provided to, any-and-all individuals who own a crypto wallet, regardless of age, location, or nationality.

All new users to Medici will be taken through a brief onboarding to ascertain product-user fit, but we will never block any user from using our service. Based on your answers, we may recommend that you invest \$0 but we will not stop you from overriding the suggestion.

## 6 - PORTFOLIO MANAGER SELECTION EVALUATION

Medici has control over any money invested in the Medici Protocol (aka “Discretion), and our team uses a strict quantitative process to construct the portfolio, which changes frequently.

People employed by Medici may benefit financially from the portfolio construction, but this is coincidental.

Medici has the right to change the criteria to analyze assets without giving prior notice to users. As new information becomes publicly available, we will continue to adjust and improve underlying assumptions. This may result in recommendations to you changing over time, due to market volatility or other factors.

Although Medici reviews the past performance of assets before adding them to the portfolio, we cannot guarantee the accuracy of the data or ensure that past performance will continue in the future.

Finally, keep in mind that Medici's investment suggestions and the amount you invest are based solely on the data you provide. If the information you provide regarding your preferences and risk appetite is not accurate, the investment suggestions provided to you will be misaligned.

## 7 - USER INFORMATION PROVIDED TO MEDICI

The Medici App collects some information from its users such as name, age, email address, physical address, location, nationality, citizenship, tax residency, and more.

You must update your information using the Medici App if it is not correct.

Sometimes, the Medici Customer Support Team may need to access your data to help you with administrative tasks or issues. These interactions can happen through the app, email, or a verified communication portal.

## 8 - USER CONTACT WITH PORTFOLIO MANAGERS

Medici only provides investment advice through their app and not in person, over the phone, or live chat.

If users have any questions or issues with the app, they can contact Medici's customer support team through email at [info@medici.ai](mailto:info@medici.ai).

Users can also ask questions or start discussions on the Medici Discord Channel - <https://discord.gg/7VH7y94ck5> - **but it's important to remember that it's a public forum and to avoid posting any private or sensitive content.**

## 9 - ADDITIONAL INFORMATION

### Disciplinary Information

Investment advisers have to tell users about any important legal or disciplinary events that might affect how they see Medici's business or management. But, Medici has not had any important legal or disciplinary issues related to the company or its management. However, it's possible that Medici and its employees might have to go through audits, investigations, or legal proceedings in the future.

You can find more information about Medici & its affiliates in Part 1 of Medici's Form ADV.

### Other Financial Industry Activities and Affiliations

Medici is a company known as C.G. Medici & Co. and operates in Delaware. When providing advice to its clients, Medici may use its own or its affiliated services. Depending on the type of services they offer, Medici and its affiliates may share certain activities. These activities may include banking, brokerage, customer support, marketing, and other services. The specific details of these relationships may be discussed separately.

If Medici's affiliates provide banking or investment services to Medici Users, they will retain any compensation they receive, subject to applicable laws. This compensation may come in the form of commissions, markups, markdowns, service fees, or other commission equivalents. Medici Users or their accounts will not be entitled to any compensation that Medici's affiliates retain.

### **Compensation Associated with Non-Investment Affiliated Entities**

Sometimes, Medici and its employees might get gifts from other companies they work with, like coffee mugs, golf balls, or gift baskets. Medici has rules to keep track of these gifts based on the value of the gift.

Medici also partners with other companies to offer deals and rewards to its users. Sometimes, Medici gets something in return from these partners, at no cost to the users. Medici might suggest that users try these partner products, which could create a conflict of interest. Users always have the final decision before committing to or engaging with a partner product. When possible, Medici gives back what it gets from partners to the users. This way, Medici and its users have the same goals because they share in the benefits.

## Management Persons; Policies and Procedures

Some members of Medici's management team have other jobs or consulting roles with other companies. This means that they might have some responsibilities with these other companies that could conflict with Medici's business. To deal with these conflicts of interest, Medici has created rules and procedures that are available in the Code of Ethics and Personal Trading and Participation or Interest in User Transactions. However, there's no guarantee that these rules will always work as intended.

## Code of Ethics and Personal Trading

Medici has a set of rules called the Code of Ethics that require Medici and its employees to act honestly and fairly in their dealings with Users. They are also required to follow federal securities laws. If Users want a copy of the Code, they can contact customer support at [info@medici.ai](mailto:info@medici.ai).

Medici's employees sometimes buy and sell assets for themselves and Users. To make sure this doesn't harm Users, Medici has rules to prevent conflicts of interest and improper personal trading. They also have policies about gifts and entertainment from outside companies.

The Code covers many areas, including record-keeping, conflicts of interest, and following SEC rules. Medici's employees are trained on the Code, and the policies about gifts and outside activities are in a separate manual.

Employees involved in creating Medici's algorithm have to disclose their personal assets, which are periodically checked. All employees have to disclose their assets when they join and keep records of holdings current.

## Participation or Interest in User Accounts

At Medici, we take managing conflicts of interest seriously and it's a crucial aspect of our compliance program. We understand that conflicts may exist explicitly or implicitly, and we regularly evaluate our business activities to identify any possible conflicts that may arise. If we find an actual or potential conflict of interest, we aim to disclose it clearly and take appropriate action to avoid it.

As a financial advisor operating under the Advisers Act, Medici adheres to fiduciary standards. However, our affiliates and business partners engage in activities such as brokerage, asset management, banking, insurance distribution, marketing, and other financial services. Our advisory affiliates provide a wide range of financial services to individuals. In

addition to the Medici Fee, Medici and/or its affiliates may receive compensation for transactions and other services provided as part of the Program.

To ensure transparency, we want to provide you with some descriptions of potential conflicts of interest that may arise due to our financial or other interests in transactions involving Medici Accounts or financial advice offered to Users.

### **Medici Recommendations**

At Medici, we create recommendations using proprietary algorithms and methodologies that rely on various factors derived from data collected from the Crypto markets and other publicly available sources. We make every effort to eliminate conflicts of interest, but it's important to note that our methods and algorithms are ultimately created by humans who have their own investment methodologies and opinions on allocation.

As a result, the Medici App may occasionally suggest products or allocations that are similar to those used by our financial advisory product or development teams.

### **Third Party Product Conflicts**

At Medici, we may suggest specific third-party financial products to our Users. If you choose to purchase or use these products, it's possible that Medici may receive compensation from the providers of these products. In some cases, we may choose to return some or all of the compensation to you, but this isn't always guaranteed. We want to be transparent that in cases where we keep the compensation, it could be seen as a conflict of interest.

To address this issue, we've designed and developed our Algorithm following strict investment best practices. This ensures that the Algorithm doesn't take into account any compensation that we may receive from suggesting a particular product when making its calculations. However, we can't guarantee that it won't recommend such a product to you. We're committed to always acting in your best interest and providing you with unbiased recommendations, even if it means not promoting a specific product.

### **Ancillary Fees and Expenses Not Covered By the Medici Fee**

Medici won't charge any extra fees besides the Medici Fee. However, there is a chance that the user may have to pay additional fees from providers external to Medici (such as the onramp you use to convert fiat currency into crypto currency, or transaction fees).

## **Conflicts of Interest Associated with Unaffiliated Platforms**

Other companies that produce protocols utilized by Medici, such as Automated Market Makers, Funds, and Liquidity Pools, may not be directly affiliated with Medici. These companies may have their own interests and relationships that could create conflicts of interest when handling your assets. Although Medici does vet Vendors before engaging with them, our methods are not infallible, and conflicts of interest may still exist. To learn more about any potential conflicts of interest related to these providers, you should refer to their websites directly.

## **Assets Trading by Medici and its Affiliates**

Medici and its affiliated companies may engage in proprietary transactions involving assets that are bought or sold for the Medici Portfolio. This means that they may benefit financially from these transactions. Additionally, Medici and its affiliates may also financially benefit from the products that Users access through the Medici App.

To address potential conflicts of interest, Medici takes several measures. Firstly, we disclose these potential conflicts of interest in our Brochure and Advisory Agreement. Secondly, we exercise prudence in all our investment decisions, only investing User capital in assets we ourselves would invest in. Lastly, we have established restrictions, procedures, and disclosures to address potential conflicts of interest internally.

These measures include personal trading restrictions for Medici personnel, as well as in-house technology that allows compliance to review account trades and holdings. Employees are also required to attest quarterly that their accounts are up-to-date in the system. Medici may suggest or recommend that Users use the services of their partner financial institutions. If Users utilize these services, Medici and its affiliates may receive compensation.

Overall, Medici is committed to addressing potential conflicts of interest and providing suitable financial products for their Users.

## Review of Accounts

### **Account Reviews**

Maintaining up-to-date information is an important part of the Medici App relationship. It helps keep the User informed about the state of their investments. Reviews of the Account provide updates on the progress of the User's Financial Plan, the performance of the User's portfolio, and other important information about the User's Investments. Reviews also



ensure that the information the User provides is complete, accurate, and reflects the User's financial situation and objectives.

Please note that Medici's reviews of your account do not replace each User's own continued review nor the accuracy of their User Profile. Each User is responsible for logging into the Medici App regularly to review their performance and other information made available to them. If the User identifies any discrepancies, they should promptly correct any discrepancies (if possible) or report needed changes to Medici by emailing [info@medici.ai](mailto:info@medici.ai).

## **User Reports**

Medici is not a Custodian & is thus not required to produce user financial statements. Users looking to access financial statements for recordkeeping or printing must do so from the ethereum network (accessed via etherscan) or from their crypto custodian if applicable.

## **User Referrals and Other Compensation**

We may work with third parties or shareholders to help us market our advisory programs and find new users. These parties may receive compensation for their services, and we will have a written agreement with them that follows the current laws. We will let users know about these arrangements. However, we do not get paid for referring users to other advisors, and we do not pay other advisors to refer users to us.

In some cases, we may receive compensation from retailers when we refer users to them to buy non-investment products or services. We may also choose to give some of this compensation back to the user to help them buy more investments, at no cost to the user.

## **User Referrals**

Medici offers promotions and rewards to Users who open and maintain products or services through affiliated and unaffiliated entities. These promotions can include cash rewards, but Users may need to meet certain eligibility criteria or request to receive them. Medici also runs promotional campaigns from time to time, offering limited account services or products to select Users or reduced/waived fees.

Users can also receive cash payments or compensation for referring prospective Users to Medici, but these arrangements are based on fixed payments and disclosed to prospective Users. Medici doesn't compensate its employees for User referrals.

Lastly, Medici pays fees to third-party websites for driving new Users to the platform. These fees can be in the form of impressions, clicks, or actions.

## **Financial Information**

Medici won't ask for fees over \$1,200 from each user for six months or longer in advance. That's why there's no need for a balance sheet in this brochure.

Medici doesn't have any financial responsibilities that could prevent it from fulfilling its obligations to users.

Additionally, Medici hasn't been involved in any bankruptcy proceedings.