

Transaction Structure Memorandum

CHATEAU OBSIDIAN LLC

Owned outright. Proven before you're asked. Resolved on arrival.

Prepared for the acquirer's deal, risk, and legal teams. It sets out how this acquisition is structured, and why it carries no escrow, no holdback, and no insurance while leaving the buyer more protected, not less.

01 The structure, in one line

This acquisition is a **membership interest purchase, front-loaded into closing**. The buyer acquires one hundred percent of the company in a single transfer. The full price is paid in cash at the sixty-day close. Every representation is a condition to closing and is brought down to the closing date. The core promises — title, authority, and clean ownership of the property — stand **uncapped**. There is no escrow, no holdback, and no representations-and-warranties insurance. The protection sits at the front of the deal, not after it.

02 How the market normally protects a buyer — and why

In an ordinary acquisition the buyer is taking on an operating company — with history, employees, contracts, and unknowns. The seller's promises are about a past and a future the buyer cannot fully test at the table, and problems tend to surface months after the money has moved. To guard against that, the market reaches for three instruments:

- ◆ **Holdback** — the buyer keeps back part of the price for a period, to set against claims that arise later.
- ◆ **Escrow** — part of the price is parked with a third party, typically for twelve to twenty-four months, released only if nothing surfaces.
- ◆ **Representations-and-warranties insurance** — a carrier is paid a premium to cover losses if the seller's promises later prove false.

A seller accepts being held in escrow because it is the price of getting the deal done: the buyer will not pay the whole amount up front for promises it cannot yet verify. In effect, the seller's own money is held against surprises that have not happened — and, in a clean deal, never will.

03 Why none of it is needed here

Two facts remove the reason those instruments exist.

- ◆ **The vessel is clean.** The company holds one asset and has never held anything else — no employees, no payroll, no contracts, no operating history, no liabilities. It was formed to hold the property and nothing beside it. There is nothing behind the asset to surface, and so nothing to indemnify against.
- ◆ **The proof is verified before the table.** The property is not taken on the house's word. It arrives with its proof, and the buyer confirms that proof in their own hands, before signing — set out in section 05.

Remove the two reasons a buyer holds money back, and there is nothing to hold back.

04 The precedent — how a Fortune-50 acquirer bought a clean portfolio

This structure is not untested. It is how one of the most sophisticated acquirers in the world buys a clean portfolio. In 2012, Intel Corporation acquired a WiFi and LTE patent portfolio from Aware, Inc. for approximately US \$75,000,000. Read from the executed agreement, the structure was:

- ◆ **Full price, wired at closing, one payment.** No installments.
- ◆ **No escrow. No holdback. No insurance.** Nothing parked; nothing withheld from the price.
- ◆ **Closed within sixty days** of the effective date — the same clock the house runs.
- ◆ **Protection front-loaded to the table.** Every representation was a condition to closing and was brought down to the closing date; a certificate of authority was handed over at closing.
- ◆ **The core promises stood uncapped.** Liability was capped at the purchase price — except for the representations on title and authority, which stood outside the cap. Title was represented hard: sole ownership, free and clear of all liens and encumbrances, no restrictions on transfer, no actions pending.
- ◆ **The buyer assumed no liabilities.**

The house tailors that same structure to a whole-entity conveyance — and, because the vessel is clean and the property is proven before signing, removes even the residual risk the Intel deal still carried.

05 The proof the buyer verifies — before the table

Nothing here asks to be believed. The property arrives with its proof, and every claim is a command the buyer's own engineer runs, on their own machine, with public libraries.

Nothing of the house sits in the trust path.

NOTHING ADVANCES ON A PROMISE — THE GAUNTLET, IN ORDER

- ◆ **The Phoenix Trials — born in the fire.** The first gate, non-negotiable. What walks out is proven, real software. Sealed: 16 suites, 3,791 gates, 0 failures.
- ◆ **Quality Control — the last door.** An independent seat that built none of it goes over everything before it can advance. Sealed: 25 checks, 0 failures, run cold from an empty directory.
- ◆ **The Ceiling Trials — driven to the limit.** Only once it is real and clean is it asked how far it can go. Driven to 4,294,967,296 records on a single core; 4,815 forgeries refused, 0 accepted — witnessed by ten independent institutions across seven independence classes.

For this system the record runs to roughly thirty signed receipts — the Ceiling Trials alone carrying twenty-five — each dual-signed with a classical and a post-quantum signature, standing on a house directory of more than one hundred and fifty federal, independent, and accredited witnesses.

PROVE IT YOURSELF — THE COMMANDS, AND WHAT THEY RETURN

python3 verify_capsule.py

The proving, checked with public libraries.

verdict : PROVEN — 16 suites
· 3,791 gates · 0 failures
CAPSULE: AUTHENTIC

node verify_capsule.mjs

The same capsule, a second language, no shared code.

CAPSULE: AUTHENTIC

python3 verify_house_seal.py

Who sealed it, and whether it moved since.

VERIFIED — unaltered

Then break it on purpose.

Take a copy of the sealed record and change one digit — 3,791 gates to 3,792 — and run the checker again.

CAPSULE: FAILED — the capsule was altered · altered: gates

Change one byte and the digest, both signatures, the chain, and the proof turn red at once.

This is the difference. A policy pays after a promise fails. This lets the buyer confirm, before signing, that failure is caught the instant it occurs — that the record *catches*.

06 What the buyer receives in place of insurance

Each market instrument answers a risk. The house removes the risk instead of insuring it.

THE MARKET'S PROTECTION

WHAT THE HOUSE DELIVERS INSTEAD

Escrow — part of the price parked for 12–24 months

Full price at close. Nothing parked, because there is nothing to claim against.

Holdback — part of the price withheld against later claims

Full price at close. The vessel is clean; there is nothing behind the asset.

R&W insurance — a carrier pays after a promise proves false

Proof the buyer verifies before signing — that catches tampering the instant it occurs.

Post-closing indemnity — a claim chased months later

Core promises standing uncapped — title, authority, ownership — backed directly, with no ceiling.

07 The core promises stand uncapped

Title, authority, and clean ownership of the property and its intellectual property are represented as present fact, brought down to the closing date, and stand **uncapped** — with no policy behind them and no ceiling on them. The buyer's strongest protections rest on the matters that decide the deal, exactly where the Intel structure placed them — and here they rest on the record as well as the word.

08 The tax position

Because the company is a single-member limited liability company treated as a disregarded entity for federal income tax, the buyer's purchase of the whole membership interest is treated, for federal income tax, as a purchase of the company's assets directly — a cost basis equal to the price paid, a new holding period, and the acquired intangibles amortized over fifteen years under Section 197 of the Internal Revenue Code. The buyer takes the **convenience of a single whole-entity transfer and the tax position of an asset purchase at once** — a combination the market seldom offers together.

09 Fit

The property is measured to fit the estate it enters — proven, not promised, on both faces of fit:

- ◆ **Technical fit.** Proven against the incumbent estate — the servers, systems, and security already in place — so it collaborates with what the acquirer runs rather than displacing it.
- ◆ **Regulatory fit.** The obligations mandated now are met; the dated obligations through 2032 are mapped ahead of time; and the resident developer works with the acquirer's own engineer to keep it current as each one lands.

10 The result

The buyer arrives having already audited the property, into a clean vessel, with the core title standing uncapped, the tax position of an asset purchase, and nothing held back and nothing insured. Well positioned, well informed — and, for everything conveyed, the cleanest acquisition on the table.

Authorities

The law and sources behind this instrument.

THE STRUCTURE PRECEDENT

Wireless Portfolio Patent Purchase Agreement, Aware, Inc. and Intel Corporation — executed agreement filed with the U.S. Securities and Exchange Commission (Exhibit 2.1, filed August 2, 2012).

sec.gov/Archives/edgar/data/1015739/000118811212002357/ex2-1.htm

Aware, Inc. — announcement of the sale (PRNewswire, April 27, 2012).

BUYER'S TAX POSITION

IRS Revenue Ruling 99-6 — a buyer acquiring 100% is treated as purchasing the underlying assets (cost basis, new holding period). Treas. Reg. § 301.7701-3 — a single-member LLC is disregarded for income tax unless it elects otherwise. Internal Revenue Code § 197 / Treas. Reg. § 1.197-2 — acquired intangibles amortize straight-line over fifteen years.

WHY THE PRIVATE SALE IS EXEMPT

SEC v. W.J. Howey Co., 328 U.S. 293 (1946) — the test for a "security"; a controlling whole-company buyer generally falls outside it. Securities Act of 1933, § 4(a)(2) — private-transaction exemption from registration.

CLEAN TITLE TO THE INTELLECTUAL PROPERTY

35 U.S.C. § 261 — patents and applications are assignable; recordation with the USPTO gives notice and protects priority. U.S. Copyright Office — recordation of copyright transfers.

THE PROOF THE BUYER VERIFIES

RFC 8032 (Ed25519 signature) · FIPS 204 (ML-DSA, post-quantum signature) · RFC 9162 (Merkle transparency log) · RFC 8785 (JSON canonicalization) · FIPS 180-4 (SHA-2). Timestamps from qualified trust service providers carry a legal presumption under eIDAS. Every figure above is attested on the property's certificates and receipts and is confirmable by the buyer with the commands in the package.

This memorandum states the structure of the transaction and the parties' understanding. It is not legal or tax advice to any particular buyer; each party's own counsel and tax advisors confirm the specifics for that party. The structure creates the position described; it does not warrant a particular outcome for any acquirer.

Declaration

Given under hand and seal, by the house that prepared this instrument, for the company that conveys.

THE ATTESTATION

Every statement in this memorandum made of the signatory's own knowledge is true. Every statement made on information and belief is believed to be true. Both stand as of the date below.

They stand as a present covenant stands in a conveyance — true at delivery, or answerable at delivery. Title, authority and clean ownership of the property are the condition of the estate on the day it passes; they are carried into the Membership Interest Purchase Agreement, brought down to the closing date, and there they stand uncapped.

THE PROOF

Every figure in this memorandum was produced by a run. Every command printed beside a result returns that result on the acquirer's own machine, with public libraries, and with nothing of the house in the trust path. The house attests the record; the acquirer confirms it, and needs no part of the house to do so.

RELIANCE

Prepared for the acquirer, and for the acquirer's deal, risk, legal, tax and insurance advisers. Each of them is entitled to rely upon it.

THE REACH OF THIS INSTRUMENT

This memorandum carries the structure and the record. It is read, not signed: the instrument that binds the parties is the Membership Interest Purchase Agreement it explains. What the property earns once it stands in the acquirer's own estate is reserved to the acquirer — their field, their ground, their result.

EXECUTION

In witness whereof, the undersigned executes this Declaration under hand and seal for Chateau Obsidian LLC, a Missouri limited liability company, by its sole member, Regnavant Issuance Group LLC.



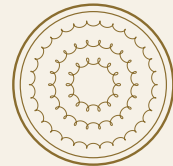
SIGNATURE

Olivia Hyches

Founder and Originating Principal Steward, Regnavant Issuance Group LLC
Kansas City, Missouri



DATE



HOUSE OF REGNAVANT
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