

SECURITIES AND EXCHANGE COMMISSION

FORM 1-SA

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RoyaltyTraders LLC

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 1-SA

SEMI-ANNUAL REPORT PURSUANT TO REGULATION A

or

SPECIAL FINANCIAL REPORT PURSUANT TO REGULATION A

For the fiscal semi-annual period ended: June 30, 2022

RoyaltyTraders LLC dba SongVest



<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>86-2712690</u> (I.R.S. Employer Identification No.)
<u>1053 East Whitaker Mill Rd., Suite 115 Raleigh, NC</u> (Address of principal executive offices)	<u>27604</u> (Zip Code)
<u>(919) 276-5454</u> (Issuer's telephone number, including area code)	
<u>"Hit The Quan" Royalty Share Units "Chippass" Royalty Share Units "DJ Fresh" Royalty Share Units</u> (Title of each class of securities issued pursuant to Regulation A)	

In this Semiannual Report on Form I-SA (the "Semiannual Report"), the terms "SongVest", "our", "we", "us", and the "company" refer to RoyaltyTraders LLC dba SongVest. Throughout this Semiannual Report, we refer to Sean Peace and Alexander Guiva together as the "manager".

THIS REPORT MAY CONTAIN FORWARD-LOOKING STATEMENTS AND INFORMATION RELATING TO, AMONG OTHER THINGS, THE COMPANY, ITS BUSINESS PLAN AND STRATEGY, AND ITS INDUSTRY. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON THE BELIEFS OF, ASSUMPTIONS MADE BY, AND INFORMATION CURRENTLY AVAILABLE TO THE COMPANY'S MANAGEMENT. WHEN USED IN THE SEMIANNUAL REPORT, THE WORDS "ESTIMATE," "PROJECT," "BELIEVE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, WHICH CONSTITUTE FORWARD LOOKING STATEMENTS. THESE STATEMENTS REFLECT MANAGEMENT'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE THE COMPANY'S ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE ANY OBLIGATION TO REVISE OR UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER SUCH DATE OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

The market data and certain other statistical information used throughout this report are based on independent industry publications, governmental publications, reports by market research firms, or other independent sources that we believe to be reliable sources. Industry publications and third-party research, surveys, and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. We are responsible for all of the disclosure contained in this report, and we believe that these sources are reliable. We have not independently verified the information contained in such publications. While we are not aware of any misstatements regarding any third-party information presented in this report, their estimates, in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors. Some data are also based on our good faith estimates.

ROYALTY SHARE UNITS OFFERING TABLE

The table below shows key information related to the offering of each series of Royalty Share Units as of the date of this Semiannual Report.

Royalty Share Unit Name	Underlying Portfolio(s)	Offering Price per Unit	Minimum Offering Amount	Maximum Units	Opening Date	Closing Date	Status	
"Hit The Quan"	"Hit the Quan" Producer's Share	\$ 16.00	\$ 31,200	\$ 31,200	1,950	September 30, 2021	February 22, 2022	Closed
"Sanguine Paradise"	"Sanguine Paradise" Writer's Share	\$ 250.00	\$ 47,500	\$ 158,000	632	February 9, 2022	N/A	Withdrawn
"Gang Forever"	"Gang Forever" Artist's Share	\$ 250.00	\$ 57,000	\$ 190,000	760	February 9, 2022	N/A	Withdrawn
"3 Headed Goat"	"3 Headed Goat" Writer's Share	\$ 250.00	\$ 161,500	\$ 537,750	2,151	February 9, 2022	N/A	Withdrawn
"Chippass"	"Chippass" Record Label's Share	\$ 250.00 ⁽¹⁾	\$ 13,750	\$ 27,750	111	September 13, 2022	[]	Open
"DJ Fresh"	"DJ Fresh" Record Label's Share & Writer's Share	\$ 300.00 ⁽¹⁾	\$ 39,600	\$ 79,200	264	September 13, 2022	[]	Open

Item 1. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Since its formation on March 18, 2021, our company has been engaged primarily in two areas: selling music catalogs and advances to our customers at auction as well as building the infrastructure to support our new royalty share model by developing the financial, offering and other materials to begin our offerings of Royalty Share Units. We are considered to be a development stage company, since we are devoting substantially all of our efforts to establishing our business and planned principal operations have only recently commenced.

Operating Results

Revenues. Revenues are generated at the company level. From January 1, 2022 through June 30, 2022, we generated \$262,826 in gross revenues compared to gross revenues of \$90,836 for the period March 18, 2021 (inception) to June 30, 2021. This increase is due to 3.5 months of operations in 2021 versus the full 6 months of operations from January to June in 2022. Additionally, increased brand awareness has driven sales increased sales since the company was founded. For both periods, revenues were generated from commissions earned by our company on private sales of music catalogs to purchasers in private, one-off transactions. Additionally, the company earned \$594 in administrative fees for the distribution of royalties received in connection with the completed "Hit the Quan" offering in May 2022.

Operating Expenses. From January 1, 2022 through June 30, 2022, we incurred \$632,881 in operating expenses. The most significant components of our operating expenses during this period were comprised of contractor payments of \$333,637 to our internal team members. This is followed by marketing & sales expenses of \$211,785 incurred in connection with sales efforts related to our business of selling music catalogs and advances to our customers. The remainder of expenses during this period were general & administrative expenses of \$87,459. In comparison, for the period March 18, 2021 (inception) to June 30, 2021, operating expenses totaled \$163,819, of which \$73,889 was for the formation of the business, \$38,500 was for payments to contractors, \$28,382 for sales and marketing efforts, and the remainder for general and administrative costs. In addition to the shorter reporting period ended June 30, 2021, operating expenses for the period ended June 30, 2022 were higher due to increased payments to contractors due to a greater number being engaged with the company, increased costs associated with a more mature marketing and advertising campaign, and the reliance on more software services and tools needed to execute operations and expand the business, partially offset by a reduction in legal and formation costs incurred for the start up of the company in 2021.

Interest Expense. From January 1, 2022 through June 30, 2022, we incurred \$20,788 in interest expense related to the November 23, 2021 note purchase agreement (amended March 25, 2022) and the May promissory note detailed further below in this section under "Indebtedness". We are projecting interest expense of \$39,068 for the six months remaining in 2022 fiscal year related to these agreements. Additional interest expense of \$1,644 on short term credit was paid during the six months ended June 30, 2022. No interest expense was incurred for the corresponding period March 18, 2021 (inception) to June 30, 2021.

Net Loss. As a result of the foregoing, we incurred a net loss of \$401,217 for the period from January 1, 2022 through June 30, 2022 compared to a net loss of \$72,983 for March 18, 2021 (inception) to June 30, 2021.

On September 30, 2021, the company commenced its first offering of its Royalty Share Units for the "Hit The Quan" Royalty Share Agreement. As of February 2022, we had sold all 1,950 Royalty Share Units pursuant to this offering for gross proceeds of \$31,200, and had closed the offering. However, as the company elected to waive the Sourcing Fee payable to the company for this initial offering, the company received no proceeds from this offering. We distributed the first royalties received in connection to this offering to investors in May 2022.

We have normal operating expenses as well as planned additional expenses related to infrastructure investment needed to support our business operations. Our company will be responsible for its own operating expenses, as well as certain offering expenses applicable to our offerings of a series of Royalty Share Units.

Liquidity and Capital Resources

As of June 30, 2022, our company had \$175,815 in cash on hand for operations. As of the date of this Semiannual Report, the company is generating revenues from operations (via selling music catalogs and advances to our customers at auctions conducted on our SongVest Platform). As of the date of this Semiannual Report, while the company has closed its first offering and has started making distributions of royalty revenues to investors in its Royalty Share Units, the company has received minimal revenues to date from administrative fees

and sourcing fees earned in connection with its offerings. Our company believes it will receive sufficient funding from a combination of revenues from its current, alternative SongVest Platform operations, Sourcing Fees, and Administrative Fees to satisfy our cash requirements for the next twelve months to implement our plan of operations.

Issuances of Equity

In March 2021, the company issued a total of 270,100 of Series A Units at a price of \$1.00 per unit. 20,100 of these units were purchased by Sean Peace for \$20,100, and 250,000 were purchased by Alex Guiva for \$250,000 for total proceeds of \$270,100. In June 2021, issued an additional 249,900 of Series A Units at a price of \$1.00 per unit resulting in a total of 500,000 Series A Units outstanding at a price of \$1.00 per unit in an exempt offering under Section 4(a)(2) of the Securities Act.

In April 2021, the company issued 2,000,000 Common Units in exchange for certain assets contributed into the company by Sean Peace, pursuant to the Contribution Agreement included in this Semiannual Report as Exhibit 6.1

On March 29, 2022, the company closed an issuance of 55,549 Common Units for the amount of \$200,000 in an exempt offering under Section 4(a)(2) of the Securities Act.

On August 3, 2022, the Company commenced a Regulation Crowdfunding offering in which it is seeking to raise up to \$5,000,000 from the issuance of Simple Agreements for Future Equity (“SAFEs”) to investors. As of the date of this report, the Company has entered into SAFEs with investors in exchange for cash of \$52,937.59, net of issuance costs. The SAFEs have no interest rate or maturity date and are convertible at the option of the Company upon an equity financing of the Company in which up to \$5,000,000 in net proceeds are received into shares of the Common Stock or Preferred Stock of the Company issued in such equity financing.

Indebtedness

On November 23, 2021, the company entered into a note purchase agreement with Alex Guiva, a member of our Manager, pursuant to which the company issued a convertible note and warrant to Mr. Guiva in exchange for a \$300,000 advance to the company. The warrant originally entitled Mr. Guiva to 0.5% of the fully diluted membership interests in the company on the exercise date at an exercise price of \$0.01 per interest, though on March 25, 2022, an amendment was signed to increase the amount of fully diluted membership interests to 2.0%. The date at which the warrant is exercised is chosen at Mr. Guiva’s discretion with advance notice provided. The maturity date of the note is November 23, 2023, and it carries an interest rate of 12.5% per annum. Accrued interest on this note purchase agreement as of June 30, 2022 is \$21,986. Per the March 25, 2022 amendment, the note may be paid off at the company’s option any time prior to July 31, 2022 (originally the payoff date was set to March 31, 2022). If the note is not paid off by that date that would entitle Mr. Guiva to convert the outstanding balance of the note at such time into Series A Units.

On May 27, 2022, the company entered into a promissory note agreement with Sean Peace, a member of our Manager, pursuant to which the company issued an unsecured promissory note to Mr. Peace in exchange for a \$200,000 advance to the company. The note carries an interest rate of 20% per annum with a full payment of \$240,000 due on the maturity date of May 27, 2023. Accrued interest on this promissory note as of June 30, 2022 was \$2,192.

Plan of Operations & Trend Information

We plan to launch approximately 20 to 30 additional offerings in the next twelve months to fund the purchase of additional Music Royalty Assets.

We intend to generate revenue collecting Sourcing Fees from Music Royalty Assets that our company sources that are purchased using the proceeds of our offerings, and from the management of royalty streams due to Royalty Share Unit holders pursuant to the applicable Royalty Share Agreements entered into by the company. As anticipated, we have begun collecting royalty streams in fiscal year 2022 (\$5,939 to date from the “Hit the Quan” Music Royalty Asset – of which we withheld 10% as an administrative fee) and started distributions to purchasers of Royalty Share Units.

We believe that we will receive sufficient funding from a combination of revenues from our current, alternative SongVest Platform operations, Sourcing Fees, and Administrative Fees to satisfy our cash requirements for the next twelve months to implement the foregoing plan of operations.

Item 2. Other Information

None.

Item 3. Financial Statements

RoyaltyTraders, LLC
d/b/a SongVest
Interim Balance Sheet (Unaudited)
As of June 30, 2022 and December 31, 2021

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 175,815	\$ 239,624
Restricted cash	331,446	47,264
Accounts Receivable	48,760	5,099
Music royalty advances	87,484	92,107
Total current assets	<u>643,505</u>	<u>384,094</u>
Capital Software, net	67,436	-
CIP Software	35,345	74,929
Total fixed assets	<u>102,781</u>	<u>74,929</u>
Total assets	<u>\$ 746,286</u>	<u>\$ 459,023</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 86,214	\$ 111,574
Escrow payable	331,446	47,124
Accrued interest	24,178	3,390
Total current liabilities	<u>441,838</u>	<u>162,088</u>
Due to related parties, net	459,381	288,151
Total liabilities	<u>901,219</u>	<u>450,239</u>
Members' equity (deficit)	<u>(154,933)</u>	<u>8,784</u>
Total liabilities and members' equity	<u>\$ 746,286</u>	<u>\$ 459,023</u>

The accompanying notes are an integral part of these financial statements.

RoyaltyTraders, LLC
d/b/a SongVest
Interim Statement of Operations (Unaudited)
For the Six Months Ended June 30, 2022 And For Period March 18, 2021 (Inception) To June 30, 2021

	June 30, 2022	June 30, 2021
Revenue	\$ 262,826	\$ 90,836
Operating expenses	<u>632,881</u>	<u>163,819</u>
Loss from operations	(370,055)	(72,983)
Interest expense	<u>(31,162)</u>	<u>-</u>
Net loss	<u>\$ (401,217)</u>	<u>\$ (72,983)</u>

The accompanying notes are an integral part of these financial statements.

RoyaltyTraders, LLC
d/b/a SongVest
Interim Statement of Changes in Members' Equity (Unaudited)
As of June 30, 2022 and December 31, 2021

	June 30, 2022	December 31, 2021
Balance, January 1	\$ 8,784	\$ -
Capital contributions	200,000	500,000
Warrant issuance	37,500	12,500
Net loss	<u>(401,217)</u>	<u>(503,716)</u>
Balance, June 30	<u>\$ (154,933)</u>	<u>\$ 8,784</u>

The accompanying notes are an integral part of these financial statements.

RoyaltyTraders, LLC
d/b/a SongVest
Interim Statement of Cash Flows (Unaudited)
For the Six Months Ended June 30, 2022 And For Period March 18, 2021 (Inception) To June 30, 2021

	June 30, 2022	June 30, 2021
Cash flows from operating activities		
Net loss	\$ (401,217)	\$ (72,983)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	7,493	-
Changes in operating assets and liabilities		
Accounts Receivable	(43,662)	-
Music royalty advances	4,624	(80,107)
Accounts payable	(25,360)	41,098
Escrow payable	284,322	69,660
Accrued interest	20,788	-
Net cash provided by operating activities	(153,012)	(42,332)
Cash flows from investing activities		
Payments for software and website development	(35,345)	(25,377)
Net cash used in investing activities	(35,345)	(25,377)
Cash flows from financing activities		
Capital contributions	200,000	500,000
Proceeds from warrant amendment	37,500	-
Proceeds from debt issued to related party	171,230	-
Net cash provided by financing activities	408,730	500,000
Net increase in cash, cash equivalents and restricted cash	220,373	432,291
Cash, cash equivalents and restricted cash, beginning of period	286,888	-
Cash, cash equivalents and restricted cash, end of period	\$ 507,261	\$ 432,291
Cash, cash equivalents and restricted cash consisted of the following:		
Cash	\$ 175,815	\$ 322,091
Restricted cash	331,446	110,200
	\$ 507,261	\$ 432,291
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	\$ 1,644	\$ -

The accompanying notes are an integral part of these financial statements.

RoyaltyTraders, LLC
d/b/a SongVest
Notes to Financial Statements (Unaudited)
June 30, 2022

1. NATURE OF OPERATIONS

RoyaltyTraders LLC d/b/a SongVest (the “Company”) acts as a marketplace connecting buyers and sellers of music royalties. The marketplace provides an opportunity for music right owners to monetize their future royalty streams. The Company packages and brokers royalty income streams into royalty unit offerings that are sold to investors as royalty shares. The Company charges a fee for the sourcing services and will also generate income by charging a service fee for managing and distributing certain brokered royalty payments to the royalty unit holders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. In the opinion of management all adjustments necessary in order to make these interim financial statements not misleading have been included.

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company may maintain cash balances in excess of FDIC coverage. Management considers this a normal business risk.

Restricted cash

Restricted cash represents cash received in advance from investors to purchase music royalty streams. The restricted cash will be held in escrow until the closing date of the royalty shares. The amount of restricted cash is equally offset with a recorded liability as escrow payable.

Construction in Progress - Software

Website development and related software is recorded at cost with the substantially complete asset placed into service in January 2022. Amortization of this asset commenced at that point. Additional improvements and upgrades to the core functionality of the website and back-end software are currently being undertaken and these will be placed into service and amortized as they become available for use.

Revenue recognition

The Company recognizes brokered sourcing fee revenue at a point in time upon the closing settlement date for each music royalty asset transaction brokered. Service fee revenue will be recognized over time as the services are performed. Revenue is recorded at the amounts the Company expects to receive. Incremental costs in obtaining a contract are expensed as incurred.

RoyaltyTraders, LLC
d/b/a SongVest
Notes to Financial Statements (Unaudited)
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Members of the Company have elected to be treated as an LLC and taxed as a partnership under provisions of the Internal Revenue Code which provide that in lieu of corporation income taxes, the Members are taxed on the Company's taxable income.

The Company has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings and believes that no provision for income taxes is necessary, at this time, to cover any uncertain tax positions.

Advertising

The Company expenses advertising costs as incurred which totaled \$37,951 for the six months ended June 30, 2022.

Subsequent events

The Company evaluated all subsequent events through September 26, 2022, the date the financial statements were available to be issued.

3. MUSIC ROYALTY ADVANCES

Management periodically will receive requests from a music royalty holder asking for an advance on upcoming music royalty closings that are brokered by the Company and will be settled in the near term. The Company will issue advances to these holders as a non-interest bearing receivable that will be repaid with upcoming closing proceeds. The collateral on these advances are the music royalties that are cataloged and offered for sale to music investors. Management periodically reviews the list of outstanding advances and records an impairment on any advances that are deemed not collectible. There was no allowance recorded as of June 30, 2022.

4. PROPERTY AND EQUIPMENT

During 2021, the Company developed a website to allow easy access to review available music royalties and allow investors to scan the available music offerings and make applications for investment. The website went live in January 2022 at which time the asset was placed in service to be amortized over the estimated useful life of five years. The Company continues to develop the website to increase functionality.

Property and equipment consisted of the following:

	June 30, 2022	June 30, 2021
Website Development CIP	\$ 35,345	\$ 74,929
Capitalized Software	74,929	-
Less: Accumulated Depreciation	(7,493)	-
Total Fixed Assets	\$ 102,781	\$ 74,929

RoyaltyTraders, LLC
d/b/a SongVest
Notes to Financial Statements (Unaudited)
June 30, 2022

5. NOTES PAYABLE- RELATED PARTY

In November 2021, the Company completed placement of a \$300,000 convertible promissory note and issuance of a warrant to purchase common units with a related party that is also an owner in the Company. The Company allocated \$12,500 to the fair value of the warrant resulting in a discount on the promissory note of the same amount at year end. The convertible note bears interest at 12.5% and matures on November 23, 2023. The holder of the note may convert the principal value of the note and all accrued unpaid interest into units of the Company at the stated conversion ratio of \$1 for each Class A. The conversion ratio is subject to possible adjustment upon the occurrence of certain specified events, including, but not limited to, the issuance of any other convertible notes and equity certificates that have rights, preferences or privileges differing from the current note. An automatic conversion will occur if a qualified financing event occurs before or prior to the maturity date. The Company had an option to convert on March 31, 2022 without qualified financing which subsequent to year-end was extended through July 31, 2022 with the provision for increased warrants resulting in the allocation of an additional \$37,500 to the fair value of the warrant resulting in a total discount on the promissory note of \$50,000 on June 30, 2022.

The Company early adopted the provisions of the Financial Accounting Standards Board Accounting Standards Update 2020-06. Accordingly, management evaluated the conversion feature of the note for embedded derivatives and application of the substantial premium model of accounting of debt. Separate accounting for the conversion feature of this note placement is not required. The placement resulted in a discount to the note balance of \$50,000. During the first half of 2022, the Company recognized \$31,162 in interest cost, consisting of \$24,178 of principal interest and \$8,730 of discount amortization. The remaining discount will be amortized through November 2023.

On May 27, 2022, the company entered into a promissory note agreement with Sean Peace, a member of our Manager, pursuant to which the company issued an unsecured promissory note to Mr. Peace in exchange for a \$200,000 advance to the company. The note carries an interest rate of 20% per annum with a full payment of \$240,000 due on the maturity date of May 27, 2023.

The net carrying amount of the combined notes is as follows:

	June 30, 2022	June 30, 2021
Note payable, related party	\$ 488,151	\$ -
Discount on note payable - related party	(28,770)	-
	<u>\$ 459,381</u>	<u>\$ -</u>

The future maturities of the related party note payable are as follows:

Year ending December 31,	
2022	\$ -
2023	500,000

RoyaltyTraders, LLC
d/b/a SongVest
Notes to Financial Statements (Unaudited)
June 30, 2022

6. WARRANT

In November 2021, in conjunction with the promissory note placement, the Company issued a warrant to a related party who is also an owner of the Company to purchase common units of the Company totaling 0.5% of the fully-diluted membership interests in the Company on the date of exercise. Subsequent to year-end, in conjunction with the conversion option extension on the promissory note placement, the common units subject to purchase was increased to be equal to 2.0% of the fully-diluted membership interests in the Company on the date of exercise. The warrant was recorded at the Company's estimated fair value of \$12,500 as a component of equity as of fiscal year 2021. With the conversion option extension this estimated fair value was increased by \$37,500 to a total of \$50,000. The exercise price for the warrant units is \$0.01, and the warrants are exercisable at any time for a term with no ending date.

7. MEMBERS' EQUITY

The Company had the following equity balances:

Series A Units, 1,500,000 units authorized; 500,000 units issued	\$ 500,000
Common Units, 3,500,000 units authorized; 2,000,000 units issued	-
Series B, 300,000 units authorized, 222,201 units issued	-
Common Units, 55,549 units issued	200,000
Warrant	50,000
Accumulated deficit	(904,933)
	<u>\$ (154,933)</u>

Series A and Common Units have voting rights while Series B Units have no voting rights.

Income distributions made by the Company shall be made with the first 70% to Series A Members, and the remaining 30% to the Common Unit Members until Series A Members have received total distributions in the amount equal to their preferential return, and thereafter, to the holders of outstanding Common Units and Series A Units in accordance with their relative percentage interests on an as converted basis.

Distributions funded by the sale of material assets of the Company outside the normal course of business or a recapitalization or refinancing of the Company shall be distributed first to the Series A Members to cover any shortfall of their preferential return not already covered by income distributions until the Series A Members have received total distributions in an amount equal to their preferential return, and thereafter, to the holders of outstanding Common Units, Series A Units, and the Series B Units in accordance with their relative percentage interests on an as converted basis. Series B holders only participate in proceeds distributions above the threshold value assigned to their tranche of Series B Units at the time of their issuance.

RoyaltyTraders, LLC
d/b/a SongVest
Notes to Financial Statements (Unaudited)
June 30, 2022

8. MANAGEMENT INCENTIVE PLAN

The Company has authorized an incentive plan by which the Company may issue an aggregate of up to 400,000 Series B Units. The Series B units are designated “profits interests” within the meaning of the Internal Revenue Service’s Revenue Procedures 93-27 and 2001-43. There are two classes of Series B Units. The B-1 class is comprised of 292,750 which are fully vested upon issuance. The B-2 class is comprised of 85,550 units and have an attached time-based service condition of a period of four years. All units in both classes contain a performance condition requiring a change-of-control event to vest. Due to the performance condition not being probable as of the date of the financial statements, the Company has not recorded any expense for the Series B Units issued.

9. CONCENTRATIONS

The Company recognized approximately 35% of its revenue from three brokered royalty transactions during 2022.

10. RISKS AND UNCERTAINTIES

At times, the Company may be involved in various legal claims and regulatory proceedings arising in the ordinary course of business. In the opinion of the Company’s management, none of these matters will have a significant effect on the Company’s financial position.

11. SUBSEQUENT EVENTS

On August 3, 2022, the Company commenced a Regulation Crowdfunding offering in which it is seeking to raise up to \$5,000,000 from the issuance of Simple Agreements for Future Equity (“SAFEs”) to investors. As of September 13, 2022 the Company has entered into SAFEs with investors in exchange for cash of \$52,937.59, net of issuance costs. The SAFEs have no interest rate or maturity date and are convertible at the option of the Company upon an equity financing of the Company in which up to \$5,000,000 in net proceeds are received into shares of the Common Stock or Preferred Stock of the Company issued in such equity financing.

Item 4. Exhibits

Exhibit No.	Description
2.1	Certificate of Formation of RoyaltyTraders LLC*
2.2	Limited Liability Company Agreement of RoyaltyTraders LLC*
3.1	Form of SAFE Agreement offered to Regulation Crowdfunding Investors
4.1	Form of Subscription Agreement**
6.1	Contribution Agreement dated April 26, 2021 between RoyaltyTraders LLC and Sean Peace.*
6.2	Service Order Agreement dated March 18, 2021 between DevelopScripts, LLC and RoyaltyTraders LLC*
6.3	Employment Agreement with Sean Peace*
6.4	Management Fee Agreement with Alex Guiva*
6.5	“Hit the Quan” Royalty Share Agreement*
6.6	Form of Listing Agreement**
6.7	Amendment to Convertible Note and Warrant between the Company and Alex Guiva dated November 23, 2021 ****
6.8	“Chippass” Royalty Share Agreement***
6.9	“DJ Fresh” Royalty Share Agreement***
6.10	Unsecured Promissory Note dated May 27, 2022 between the Company and The Kingdom Trust Company, Custodian, FBO Sean Peace IRA.***

* Previously filed as an exhibit to the company’s offering statement on Form 1-A filed with the SEC on May 21, 2021, and incorporated by reference herein.

** Previously filed as an exhibit to the company’s offering statement on Form 1-A POS filed December 29, 2021, and incorporated by reference herein.

*** Previously filed as an exhibit to the company’s offering statement on Form 1-A POS filed July 27, 2022 and incorporated by reference herein.

**** Previously filed as an exhibit to the company’s annual report on Form 1-K, filed May 2, 2022, and incorporated by reference

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROYALTYTRADERS LLC

By: /s/ Sean Peace
Sean Peace
Manager

Pursuant to the requirements of Regulation A, this report has been signed below by the following persons on behalf of the issuer and in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Sean Peace</u> Sean Peace	Manager, principal executive officer, principal financial officer, and principal accounting officer	on September 27, 2022
<u>/s/ Alexander Guiva</u>	Manager	on September 27, 2022

THIS INSTRUMENT AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR UPON RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT.

SIMPLE AGREEMENT FOR FUTURE EQUITY (SAFE)

Investment Amount at SAFE Price:

Date of Issuance:

US \$ _____

THIS SIMPLE AGREEMENT FOR FUTURE EQUITY (this "SAFE") is issued by RoyaltyTraders LLC d/b/a SongVest, a Delaware limited liability company (the "**Company**"), to the "Holder" named on the signature page hereto (the "**Holder**"), in exchange for the Holder's payment of the investment amount set forth above (the "**Investment Amount**").

1. Definitions. Capitalized terms not otherwise defined in this SAFE will have the meanings set forth in this Section 1.

1.1 "**Common Units**" means the Company's Units of common units.

1.2 "**Conversion Units**" (for purposes of determining the type of Equity Securities issuable upon conversion of this SAFE) means, with respect to a conversion pursuant to Section 2.1 in the Next Equity Financing, (i) Units of the Equity Securities issued in the Next Equity Financing or (ii) at the Company's election (if applicable), Preferred Units.

1.3 "**Company Transaction**" means:

(a) the closing of the sale, transfer or other disposition, in a single transaction or series of related transactions, of all or substantially all of the Company's assets;

(b) the consummation of a merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of Units of the Company immediately prior to such merger or consolidation continue to hold a majority of the outstanding voting securities of the Company or the surviving or acquiring entity immediately following the consummation of such transaction); or

(c) the closing of the transfer (whether by merger, consolidation or otherwise), in a single transaction or series of related transactions, to a "person" or "group" (within the meaning of Section 13(d) and Section 14(d) of the Exchange Act), of the Company's Units if, after such closing, such person or group would become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the outstanding voting securities of the Company (or the surviving or acquiring entity).

A transaction will not constitute a "Company Transaction" if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction. Notwithstanding the foregoing, the sale of Equity Securities in a bona fide financing transaction/securities offering will not be deemed a "Company Transaction."

1.4 "**Dissolution**" means (a) a voluntary termination of the Company's operations; (b) a general assignment for the benefit of the Company's creditors; or (c) a liquidation, dissolution or winding up of the Company (other than a Company Transaction), whether voluntary or involuntary.

1.5 "**Equity Securities**" means (a) Common Units; (b) any securities conferring the right to purchase Common Units; or (c) any securities directly or indirectly convertible into, or exchangeable for (with or without additional consideration) Common Units. Notwithstanding the foregoing, the following will not be considered "Equity Securities": (i) any security granted, issued or sold by the Company to any director, officer, employee, consultant or adviser of the Company for the primary purpose of soliciting or retaining their services; (ii) any convertible promissory notes issued by the Company; and (iii) any SAFEs (including this SAFE) issued by the Company.

1.6 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

1.7 “**Fully Diluted Capitalization**” means the number of issued and outstanding Units of the Company, assuming the conversion or exercise of all of the Company’s outstanding convertible or exercisable securities, including convertible Preferred Units and all outstanding vested and unvested options or warrants to purchase the Company’s Units. Notwithstanding the foregoing, “Fully Diluted Capitalization” excludes: (i) any convertible promissory notes issued by the Company; (ii) any SAFEs (including this SAFE) issued by the Company; and (iii) any Equity Securities that are issuable upon conversion of any outstanding convertible promissory notes or SAFEs.

1.8 “**Next Equity Financing**” means the next sale (or series of related sales) by the Company of its Equity Securities following the date of issuance of this SAFE, in one or more offerings relying on Section 4(a)(2) of the Securities Act or Regulation D thereunder for exemption from the registration requirements of Section 5 of the Securities Act, from which the Company receives gross proceeds of not less than US\$250,000.00 (excluding the Investment Amount).

1.9 “**Pre-Money Valuation Cap**” means \$20,000,000.

1.10 “**Preferred Units**” means all series of the Company’s preferred Units, whether now existing or hereafter created.

1.11 “**Requisite Holders**” means the holders of a majority-in-interest of the aggregate purchase price of this SAFE and all other SAFEs.

1.12 “**SAFES**” mean any simple agreements for future equity (or other similar agreements) which are issued by the Company for bona fide financing purposes prior to the earlier of the Next Equity Financing or the termination of this SAFE, are outstanding and which may convert into the Company’s Units in accordance with its terms.

1.13 “**SAFE Price**” means the price per Unit equal to the Pre-Money Valuation Cap divided by the Fully Diluted Capitalization.

1.14 “**Securities Act**” means the Securities Act of 1933, as amended.

1.15 “**Discounted Pre-Money Valuation Cap**” means \$15,000,000 up to the first \$750,000 raised through this SAFE.

1.16 “**Discounted SAFE Price**” means the price per Unit equal to the Discounted Pre-Money Valuation Cap divided by the Fully Diluted Capitalization.

2. Conversion. This SAFE will be convertible into Equity Securities pursuant to the following terms.

2.1 Next Equity Financing Conversion. This SAFE will automatically convert into Conversion Units upon the closing of the Next Equity Financing. The number of Conversion Units the Company issues upon such conversion will equal the quotient (rounded down to the nearest whole Unit) obtained by dividing (x) the Investment Amount by (y) the SAFE Price (or Discounted SAFE Price for the first \$750,000 of investment received). At least five (5) days prior to the closing of the Next Equity Financing, the Company will notify the Holder in writing of the terms of the Equity Securities that are expected to be issued in such financing. The issuance of Conversion Units pursuant to the conversion of this SAFE will be on, and subject to, the same terms and conditions applicable to the Equity Securities issued in the Next Equity Financing (except that, in the event the Equity Securities to be issued in the Next Equity Financing are Preferred Units with a liquidation preference, the Company may, at its election, issue Units of Preferred to the Holder in lieu of such Preferred Units). The Company is currently accepting subscriptions at the SAFE Price.

2.2 Company Transaction Conversion. In the event of a Company Transaction prior to the conversion of this SAFE pursuant to Section 2.1, at the closing of such Company Transaction, the Company shall pay the Holder an amount equal to the proceeds the Holder would have received in such Company Transaction, if the SAFE had converted into Conversion Units at the SAFE Price (or Discounted SAFE Price for the first \$750,000 of investment received) immediately prior to the Company Transaction. The Company is currently accepting subscriptions at the SAFE Price.

2.3 Mechanics of Conversion.

(a) Financing Agreements. The Holder acknowledges that the conversion of this SAFE into Conversion Units pursuant to Section 2.1 may require the Holder's execution of certain agreements relating to the purchase and sale of the Conversion Units, as well as registration rights, rights of first refusal and co-sale, rights of first offer and voting rights, if any, relating to such securities (collectively, the "**Financing Agreements**"). The Holder agrees to execute all of the Financing Agreements in connection with a Next Equity Financing.

(b) Adoption Agreement. As a condition to the conversion of this SAFE pursuant to Sections 2.2 or 2.3(b) hereof, the Holder agrees to execute any such instrument in a form provided by the Company to adopt and agree to be bound by any then-existing limited liability company agreement or similar agreements of the Company as a holder of the Conversion Units.

(b) Certificates. As promptly as practicable after the conversion of this SAFE and the issuance of the Conversion Units, the Company (at its expense) will issue and deliver a certificate or certificates evidencing the Conversion Units (if certificated) to the Holder, or if the Conversion Units are not certificated, will deliver a true and correct copy of the Company's Unit register reflecting the Conversion Units held by the Holder. The Company will not be required to issue or deliver the Conversion Units until the Holder has surrendered this SAFE to the Company (or provided an instrument of cancellation or affidavit of loss). The conversion of this SAFE pursuant to Section 2.1 may be made contingent upon the closing of the Next Equity Financing and Company Transaction, respectively.

3. No Rights as an Equity Unitholder. The Holder is not entitled by virtue of holding this SAFE to be deemed a holder of the Company's Units for any purpose, nor will anything contained in this SAFE be construed to confer on the Holder, as such, any of the rights of an equityholder of the Company or any right to vote for the election of directors or upon any matter submitted to equity holders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise until Conversion Units have been issued upon the terms described in this SAFE.

4. Representations and Warranties of the Company. In connection with the transactions contemplated by this SAFE, the Company hereby represents and warrants to the Holder as follows:

4.1 Due Organization; Qualification and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify or to be in good standing would have a material adverse effect on the Company.

4.2 Authorization and Enforceability. Except for the authorization and issuance of the Conversion Units, all corporate action has been taken on the part of the Company and its managers and members necessary for the authorization, execution and delivery of this SAFE. Except as may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights, the Company has taken all corporate action required to make all of the obligations of the Company reflected in the provisions of this SAFE valid and enforceable in accordance with its terms.

5. Representations and Warranties of the Holder. In connection with the transactions contemplated by this SAFE, the Holder hereby represents and warrants to the Company as follows:

5.1 Authorization. The Holder has full power and authority to enter into this SAFE and to perform all obligations required to be performed by it hereunder. This SAFE, when executed and delivered by the Holder, will constitute the Holder's valid and legally binding obligation, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

5.2 Purchase Entirely for Own Account. The Holder acknowledges that this SAFE is made with the Holder in reliance upon the Holder's representation to the Company, which the Holder hereby confirms by executing this SAFE, that this SAFE, the Conversion Units, and any Common Units issuable upon conversion of the Conversion Units (collectively, the "**Securities**") will be acquired for investment for the Holder's own account, not as a nominee or agent (unless otherwise specified on the Holder's signature page hereto), and not with a view to the resale or distribution of any part thereof, and that the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this SAFE, the Holder further represents that the

Holder does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Securities. If other than an individual, the Holder also represents it has not been organized solely for the purpose of acquiring the Securities.

5.3 Disclosure of Information; Non-Reliance. The Holder acknowledges that it has received all the information it considers necessary or appropriate to enable it to make an informed decision concerning an investment in the Securities. The Holder further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities. The Holder confirms that the Company has not given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Securities. In deciding to purchase the Securities, the Holder is not relying on the advice or recommendations of the Company and has made its own independent decision that the investment in the Securities is suitable and appropriate for the Holder. The Holder understands that no federal or state agency has passed upon the merits or risks of an investment in the Securities or made any finding or determination concerning the fairness or advisability of this investment. **The Holder understands and accepts that (a) the purchase of the SAFE and holding of the Securities involves various risks including without limitation those outlined herein, which supersede any information previously provided to the Holder, (b) the Holder is able to bear any loss associated with an investment in the Securities, and (c) the Company is in the start-up and development stage of its operations and intends to use the proceeds of this SAFE for working capital purposes.**

5.4 Investment Experience. The Holder is an investor in securities of companies in the development stage and acknowledges that they are able to fend for themselves, can bear the economic risk of the investment and has such knowledge and experience in financial or business matters that they are capable of evaluating the merits and risks of the investment in the Securities.

5.5 Accredited Investor. The Holder is an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act. The Holder agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with applicable U.S. federal and state securities laws in connection with the purchase and sale of the Securities.

5.6 Restricted Securities. The Holder understands that the Securities have not been, and will not be, registered under the Securities Act or state securities laws, by reason of specific exemptions from the registration provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder’s representations as expressed herein. The Holder understands that the Securities are “restricted securities” under U.S. federal and applicable state securities laws and that, pursuant to these laws, the Holder must hold the Securities indefinitely unless they are registered with the Securities and Exchange Commission (“SEC”) and registered or qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Holder acknowledges that the Company has no obligation to register or qualify the Securities for resale and further acknowledges that, if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Securities, and on requirements relating to the Company which are outside of the Holder’s control, and which the Company is under no obligation, and may not be able, to satisfy.

5.7 No Public Market. The Holder understands that no public market now exists for the Securities and that the Company has made no assurances that a public market will ever exist for the Securities.

5.8 No General Solicitation. The Holder, and its officers, directors, employees, agents, stockholders or partners have not either directly or indirectly, including through a broker or finder, solicited offers for or offered or sold the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502 of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act. The Holder acknowledges that neither the Company nor any other person offered to sell the Securities to it by means of any form of general solicitation or advertising within the meaning of Rule 502 of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

5.9 Residence. The Holder’s primary residence or principal office, if the Holder is an entity, is located in the state or province identified in the address shown on the Holder’s signature page hereto.

5.10 Foreign Investors. If the Holder is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Holder hereby represents that they have satisfied themselves as to the full observance of the laws of

their jurisdiction in connection with any invitation to subscribe for the Securities, including (a) the legal requirements within their jurisdiction for the purchase of the Securities; (b) any foreign exchange restrictions applicable to such purchase; (c) any governmental or other consents that may need to be obtained; and (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, conversion, redemption, sale, or transfer of the Securities. The Holder's subscription and payment for and continued beneficial ownership of the Securities will not violate any applicable securities or other laws of the Holder's jurisdiction. The Holder acknowledges that the Company has taken no action in foreign jurisdictions with respect to the Securities.

6. Miscellaneous.

6.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this SAFE will inure to the benefit of, and be binding upon, the respective successors and assigns of the parties; provided, however, that the Company may not assign its obligations under this SAFE without the prior written consent of the Requisite Holders and the Holder may not assign this SAFE without the prior written consent of the Company; provided, however, that this SAFE may be assigned without the Company's consent by the Holder to any entity who directly or indirectly is controlled by the Holder; and, provided, further, that the Company may assign this SAFE in whole, without the consent of the Holder, to the surviving entity in connection with a reincorporation to change the Company's domicile. This SAFE is for the sole benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or will confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this SAFE.

6.2 Governing Law. This SAFE will be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

6.3 Counterparts. This SAFE may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this SAFE are included for convenience only and are not to be considered in construing or interpreting this SAFE.

6.5 Notices. All notices and other communications given or made pursuant hereto will be in writing and will be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by email or confirmed facsimile; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications will be sent to the respective parties at the addresses shown on the signature pages hereto (or to such email address, facsimile number or other address as subsequently modified by written notice given in accordance with this Section 6.5).

6.6 No Finder's Fee. Each party represents that such party neither is nor will be obligated to pay any finder's fee, broker's fee or commission in connection with the transactions contemplated by this SAFE. The Holder agrees to indemnify and to hold the Company harmless from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of the transactions contemplated by this SAFE (and the costs and expenses of defending against such liability or asserted liability) for which the Holder or any of its representatives is responsible. The Company agrees to indemnify and hold the Holder harmless from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of the transactions contemplated by this SAFE (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

6.7 Expenses. Each party will pay all costs and expenses that such party incurs with respect to the negotiation, execution, delivery and performance of this SAFE.

6.8 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this SAFE, the prevailing party will be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled. For purposes of this Section 6.8, "**prevailing party**" shall mean the party obtaining substantially the relief sought.

6.9 Entire Agreement; Amendments and Waivers. This SAFE constitutes the full and entire understanding and agreement between the parties with regard to the subject hereof. Any term of this SAFE may be amended and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the Holder. Any waiver or amendment effected in accordance with this Section 6.9 will be binding upon each future holder of this SAFE and the Company. Notwithstanding the foregoing, any term of this SAFE and all other SAFEs may be amended and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively) with the written consent of the Company and the Requisite Holders. Any waiver or amendment effected in accordance with this Section 6.9 will be equally binding upon each holder of this SAFE and holders of all other SAFEs.

6.10 Effect of Amendment or Waiver. The Holder acknowledges and agrees that by the operation of Section 6.9 hereof, the Requisite Holders will have the right and power to diminish or eliminate all rights of the Holder under this SAFE.

6.11 Severability. If one or more provisions of this SAFE are held to be unenforceable under applicable law, such provisions will be excluded from this SAFE and the balance of the SAFE will be interpreted as if such provisions were so excluded and this SAFE will be enforceable in accordance with its terms.

6.12 Transfer Restrictions.

(a) Limitations on Disposition. Without in any way limiting the representations and warranties set forth in this SAFE, the Holder further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to make the representations and warranties set out in Section 6 and:

- (i) there is then in effect a registration statement under the Securities Act covering such proposed disposition, and such disposition is made in connection with such registration statement; or
- (ii) the Holder has (A) notified the Company of the proposed disposition; (B) furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition; and (C) if requested by the Company, furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration under the Securities Act.

The Holder agrees not to make any disposition of any of the Securities to the Company's competitors, as determined in good faith by the Company.

(b) Legends. The Holder understands and acknowledges that the Securities may bear the following legend:

THIS INSTRUMENT AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR UPON RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE ACT.

6.13 Further Assurances. From time to time, the parties will execute and deliver such additional documents and will provide such additional information as may reasonably be required to carry out the terms of this SAFE and any agreements executed in connection herewith. The Company will use commercially reasonable efforts to authorize and maintain a sufficient number of authorized Conversion Units prior to the conversion of this SAFE pursuant to its terms.

6.14 Officers and Directors not Liable. In no event will any officer or director of the Company be liable for any amounts due and payable pursuant to this SAFE.

6.15 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS SAFE, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER REPRESENTS AND WARRANTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.16 Jurisdiction. The parties hereto agree that any and all actions or proceedings seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought in the courts of the State of Delaware, including Federal Courts located therein, should Federal jurisdiction requirements exist.

[Signature page follows.]

SIGNATURE PAGE

THE COMPANY:

RoyaltyTraders LLC

By _____

Name: _____

Title: _____

Address: _____

Email Address: _____

Accepted and agreed by Holder:

NAME: _____

By: _____

Name: _____

Title: _____

Address: _____

Email: _____