

VII. Risk Factors

Prospective Investors should carefully consider the following risk factors, together with all other information set forth in this Memorandum, before deciding to subscribe for Interests. The following risks are not exhaustive, and additional risks not presently known or deemed immaterial may also impact the Fund.

GENERAL INVESTMENT RISKS

Forward-Looking Information

This Memorandum contains forward-looking statements relating to the Fund's operations and performance, as well as the anticipated performance of the Portfolio Company and, by extension, the underlying investment in Payward Inc. These statements involve known and unknown risks, uncertainties, and assumptions that may cause actual outcomes to differ materially from those expressed or implied. Forward-looking statements include, but are not limited to, projections regarding performance, plans, expectations, beliefs, and intentions. Words such as "expects," "believes," "anticipates," and similar expressions identify such statements. Investors should not place undue reliance on these statements, which speak only as of the date hereof. The Fund undertakes no obligation to update any forward-looking statement.

No Firm Commitment to Purchase the Interests

This Offering is being made on a "best efforts" basis. There is no commitment from any party to purchase Interests, and there is no assurance that any or all Interests will be sold. If the Offering is not fully subscribed, the Fund may not raise sufficient capital to achieve its investment objectives, operate efficiently, or provide expected returns to Investors.

Unpredictability of Distributions

Distributions to Investors are not guaranteed and may not occur. The Fund's ability to make Distributions depends on liquidity events at the Portfolio Company level, which in turn are dependent on a successful exit from Payward Inc. There is no assurance that any such liquidity event will occur or that sufficient funds will be available for distribution.

Lack of Operating History

The Fund is a newly formed entity with no operating history, making it difficult to evaluate its future performance. The Portfolio Company may also be newly formed and lack historical performance data. Past performance of similar investments or affiliates is not indicative of future results.

Reliance on Key Persons

The Fund's success is substantially dependent on management's expertise and decision-making and, to the extent relevant, the Portfolio Company. The loss, unavailability, or diminished contributions of any such key individuals could materially and adversely affect the Fund's performance.

General Economic and Other Conditions

The Fund's performance may be adversely affected by changes in economic, political, or regulatory conditions, including inflation, interest rate fluctuations, market volatility, pandemics, natural disasters, and geopolitical instability. These external factors are outside the Fund's control and may impair the value or performance of its investment.

Lack of Control by Investors

Investors will not participate in the management or control of the Fund or the Portfolio Company and will have no voting rights with respect to the Fund or Portfolio Company's operations or investment decisions.

Lack of Marketability

The Interests are highly illiquid and are subject to significant restrictions on transfer. There is no public market for the Interests and none is expected to develop. Investors should be prepared to hold their Interests for an indefinite period.

RISKS RELATING TO THE FUND'S STRUCTURE AND INVESTMENT IN THE PORTFOLIO COMPANY

Single-Asset Exposure

The Fund's sole asset will be its interest in the Portfolio Company, which is expected to hold only shares in Payward Inc. As a result, the Fund's performance is entirely dependent on the performance of a single company, and Investors bear the risk of total loss in the event of adverse developments at Payward Inc.

Multiple Layers of Risk

The Fund does not hold Payward Inc securities directly, but rather through an indirect interest in the Portfolio Company. This structure introduces additional layers of operational, legal, and economic complexity and risk, including reliance on the Portfolio Company's governance, transparency, and Decision-making.

Lack of Transparency

The Fund may have limited access to detailed financial or operational information about the Portfolio Company or Payward Inc. Neither the Fund nor its Investors will have control over the reporting practices

or decision-making of the Portfolio Company or Payward Inc. Lack of transparency may impair the Fund's ability to monitor performance or detect adverse developments.

Limited Information Regarding the Portfolio Company.

The Fund will acquire its interests through an unaffiliated investment vehicle that is part of a broader fund structure whose name is not disclosed in this Offering. The Portfolio Company's sole assets consist of certain equity securities of Payward Inc, and the Fund does not participate in the management or oversight of that vehicle. Because the identity of the Portfolio Company and its manager is not disclosed, investors will have limited ability to review information about that vehicle beyond what is made available to the Fund.

Valuation Risk

Valuation of the Fund's investment in the Portfolio Company will depend on estimates which are inherently subjective, may not reflect realizable market prices, and may be based on assumptions or inputs that prove to be inaccurate.

Liquidity Risk

Interests in both the Fund and the Portfolio Company are illiquid. Payward Inc shares are not publicly traded and may be subject to transfer restrictions. The absence of a liquid market for these securities may delay or prevent realization of value and may impair the Fund's ability to make Distributions.

Reliance on Information Provided by the Portfolio Company

The Fund (Crypto Ventures II, a series of CGF2021 LLC) invests in a Portfolio Company that holds shares of Payward Inc (d/b/a Kraken) ("Kraken"). The Fund will rely, in part, on information and materials provided by the Portfolio Company or its affiliates, including information regarding Kraken. Such information may include, but is not limited to, offering materials, financial statements, capitalization data, and representations as to the nature and classification of the securities held by the Portfolio Company. The Organizer, the Fund, and their respective affiliates, managers, and members make no representation or warranty as to the accuracy, completeness, or reliability of any such information and shall have no liability for any misstatement, omission, or misrepresentation contained in materials prepared by the Portfolio Company, Kraken, or any of their respective affiliates.

Investors acknowledge that the Fund does not independently verify all information provided by the Portfolio Company or Kraken and that the Organizer's due-diligence procedures are limited to commercially reasonable efforts based on available information. Investors further acknowledge that the Fund shall not be responsible for any losses, liabilities, or damages arising from any misrepresentation or nondisclosure by the Portfolio Company or Kraken, including, without limitation, the misclassification of

the securities held by the Portfolio Company or other offering details.

RISKS RELATING TO PAYWARD INC.

Company-Specific Risks

Payward Inc (d/b/a Kraken) (“Kraken”) operates a cryptocurrency trading platform whose revenues and enterprise value are substantially dependent on trading activity, customer growth, and overall market conditions in the digital asset industry. Cryptocurrency markets are highly volatile and subject to rapid shifts in investor sentiment, trading volumes, and liquidity. Sustained declines in digital asset prices, reduced trading activity, loss of market share, or adverse macroeconomic conditions could materially and adversely affect Kraken’s revenues and financial performance.

Kraken’s operations depend on the continuous availability, security, and integrity of its technology infrastructure. Cryptocurrency exchanges face significant risks relating to cybersecurity threats, hacking attempts, data breaches, system outages, fraud, market manipulation, and counterparty failures. Any material operational disruption or security incident could result in financial loss, reputational harm, regulatory scrutiny, customer attrition, or diminished enterprise value.

Kraken operates in a competitive environment characterized by rapidly evolving technology and changing user preferences. Increased competition, fee compression, changes in market structure, or failure to adapt to technological or industry developments could adversely affect Kraken’s business prospects.

Kraken is also subject to legal and regulatory oversight in multiple jurisdictions. While regulatory risks are discussed separately below, regulatory developments may increase operating costs, restrict certain activities, or impact Kraken’s ability to expand or maintain its services.

Regulatory Risks

Kraken operates in a highly regulated and rapidly evolving legal environment. U.S. federal and state regulators, as well as foreign authorities, have asserted and may continue to assert jurisdiction over cryptocurrency exchanges, digital asset trading platforms, custody services, staking programs, and related activities under securities, commodities, anti-money laundering, sanctions, and money transmission laws. The classification of certain digital assets as securities or commodities remains subject to evolving regulatory interpretation, and regulatory authorities may determine that aspects of Kraken’s operations require registration as a securities exchange, broker-dealer, clearing agency, alternative trading system, futures commission merchant, or other regulated entity.

Legislative, regulatory, or enforcement developments, including changes in statutory interpretation or new rulemaking, could require Kraken to modify or discontinue certain products or services, register portions

of its operations, enhance compliance systems, or restructure its business model. Regulatory investigations, enforcement actions, consent decrees, fines, or penalties, even if ultimately resolved favorably, may result in significant legal expenses, operational limitations, reputational harm, or restrictions on future growth. In addition, differences and inconsistencies among U.S. federal, state, and foreign regulatory regimes may create overlapping or conflicting compliance obligations, increasing complexity and risk for Kraken's global operations.

Valuation and Exit Risk

Payward Inc is a privately held company and there is no assurance that it will pursue or complete a liquidity event, such as an initial public offering or secondary sale. Accordingly, valuation is speculative and subject to significant uncertainty.

Payward Inc May Need Additional Capital to Expand and Fund Losses Until the Business Reaches Scale. The Need for Additional Capital Could Create Potential Dilution in the Future.

Payward Inc may need additional capital to grow. As the Interests provide indirect economic exposure ownership of Payward Inc, in the event that Payward Inc issues additional shares of capital stock in the future—including options or warrants to purchase common stock or preferred stock – there will be dilution to Payward Inc's stockholders, and holders of ownership interests in Payward Inc, which include the Portfolio Company and, indirectly, the Fund, may experience substantial dilution in their ownership. In the event that Payward Inc is sold, holders of ownership in Payward Inc, including the Portfolio Company, will be subject to distributions as determined by Payward Inc's liquidation preference.

No Control over Payward Inc or their Future Valuations.

Neither the Fund nor the Portfolio Company (nor any of their respective affiliates) will or will be expected to obtain representation on the board of directors or have any control over the management of Payward Inc. Thus, the success of the Fund's investment in Payward Inc depends on the ability and success of the management of Payward Inc in operating their businesses and maximizing the value of the Payward Inc securities held indirectly by the Fund, in addition to economic and market factors. There may be no market for the Payward Inc securities, and any market that does develop may be very limited. Accordingly, valuations may fluctuate considerably and the per share valuations that are negotiated may bear limited or no relationship to future valuations of Payward Inc in any market that may develop for such shares, whether private or public.

Reputational Risk

Payward Inc operates in a highly visible and often controversial industry. Public perception of Payward Inc

may be affected by regulatory actions, litigation, cybersecurity incidents, market disruptions, operational failures, leadership controversies, or broader developments in the digital asset industry. Negative publicity, whether or not well-founded, could adversely affect customer confidence, trading volumes, strategic relationships, and enterprise value.

TAX AND FEE RISKS

Federal Income Tax Risks

The Fund intends to be treated as a partnership for U.S. federal income tax purposes. Investors will be required to report and pay taxes on their share of taxable income, regardless of whether Distributions are made. Investors should consult with tax advisors to assess the implications of an investment.

Fund Organization Fees, Start-Up Expenditures and Syndication Expenses

The Fund will incur significant expenses related to its formation, organization, and this Offering, including legal, accounting, and marketing costs. These expenses will reduce the amount of capital available for investment and may adversely affect Investor returns.

Placement Fees Due Broker

The Fund will pay OpenDeal Broker LLC a placement fee equal to 10% of gross subscription proceeds. This fee will reduce the capital available for investment and increases the effective cost of an Investor's participation in the Fund.

Double Fee Structure

Investors should be aware that multiple layers of fees may significantly reduce net returns. The Fund will pay a management fee equal to 8% of gross proceeds raised to the Portfolio Company and a 10% placement fee to OpenDeal Broker LLC, as well as applicable expense and organization fees. In addition, the Portfolio Company will assess its own expense fees, which may also be paid from invested capital. These fees compound to reduce the amount of capital earning a return.

Changes in the Law; Recent Legislation

U.S. federal, state, and local tax laws are subject to change, potentially with retroactive effect. Such changes could materially impact the Fund's structure, the tax consequences to Investors, and the after-tax returns on Investment.

Risk of Audit

The Fund's tax filings may be subject to examination by the IRS or other taxing authorities. Adjustments

resulting from an audit may increase the tax liabilities of affected Investors, and the cost of any audit-related proceedings may be borne indirectly by the Fund or the Investors.

No IRS Rulings

The Fund has not sought and does not intend to seek advance rulings from the IRS regarding any tax matters. As such, there is no assurance that the Fund's tax positions will not be challenged or that such challenges will not result in adverse consequences for Investors.

OTHER REGULATORY AND LEGAL RISKS

Federal and State Securities Laws; Absence of Regulation Applicable to the Fund.

The Interests are offered pursuant to exemptions from registration under the Securities Act and applicable state laws. As a result, the Fund is not subject to the same level of regulatory oversight or disclosure obligations as a registered investment vehicle.