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RE:RECOMMENDATIONS

LEGAL OPINION – CONFIDENTIAL

To Whom it may concern:

This letter serves as my professional legal opinion regarding the classification of the PATRIQ™ token developed and issued by RecoverIQ™ Foundation LLC (“RecoverIQ”), based on my review of the PATRIQ™ White Paper dated June 17, 2025, relevant documentation provided by RecoverIQ, and applicable U.S. legal standards, including the Howey Test and guidance from the U.S. Securities and Exchange Commission (“SEC”).

Purpose and Function of PATRIQ™ Token

The PATRIQ™ token is structured and operated as a service-based utility token used solely within the RecoverIQ mobile and digital ecosystem, which focuses on mental health, wellness, and recovery services.

Specifically:

- PATRIQ™ tokens are earned exclusively through in-app user engagement, including daily check-ins, journaling, participation in meetings, educational activities, and referrals.
- Tokens can be redeemed only for in-app products and services, such as premium courses, event access, sponsor resources, affirmation decks, and items from the app’s marketplace.
- The token:
 - Has a fixed maximum supply of 100 million units.
 - Does not promise any financial return, dividend, or equity participation.
 - Cannot be converted into fiat currency directly from within the app.

- Is not designed to appreciate in value or serve as an investment vehicle.

Transferability and Secondary Markets

The PATRIQ™ token:

- Is not intended for trading on public exchanges.
 - The white paper clarifies that PATRIQ™ is only transferable to an external blockchain wallet for purposes of digital collectability or inter-app achievements, not for market trading.
- There is no authorized listing of PATRIQ™ on any decentralized exchange (DEX) for trading or speculation, including Pancake Swap or similar platforms.
- The token's smart contract and app infrastructure do not facilitate or promote speculative trading.

I strongly caution that any secondary market activity or token listings outside the approved app ecosystem could risk regulatory reclassification of the PATRIQ™ token as a security under U.S. law.

Analysis Under the Howey Test

The U.S. Supreme Court's Howey Test SEC v. W.J. Howey Co., 328 U.S. 293, 298-99 (1946) defining an investment contract as "a contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party". Thus, the Howey four factor test that defines a security :

- (1) an investment of money;
- (2) in a common enterprise;
- (3) with a reasonable expectation of profits;
- (4) derived from the efforts of others.

Based on my analysis, PATRIQ™ does not meet these criteria because:

- No investment of money is required to earn tokens. They are issued through user participation and activity. Thus prong 1 is not met there is no investment of money.

- Users earn tokens as functional rewards rather than pooling funds for profit generation. Thus prong 2 is not met. It is not a common enterprise
- There is no expectation of profit or appreciation in token value. Thus prong 3 is not met. There is clearly no reasonable expectation of profit.
- The token's utility is tied exclusively to accessing services and digital goods inside the RecoverIQ ecosystem, rather than deriving profits from managerial or entrepreneurial efforts of RecoverIQ. Therefore, prong 4 is not met and there is no profits derived from the work of others.

Team Allocations

The white paper discloses that 5% of the PATRIQ™ token supply is allocated to the team, subject to a 12-month vesting period with monthly unlocks. Courts and the SEC have recognized that token allocations to project teams or insiders may contribute to a finding that purchasers reasonably expect profits derived from the efforts of others. See, e.g., SEC v. Telegram Group Inc., 448 F. Supp. 3d 352, 368-69 (S.D.N.Y. 2020) (“Telegram’s own marketing materials, the size of the reserve allocated to insiders, and the manner of distribution reflect an expectation that the value of Grams would rise based on Telegram’s ongoing efforts.”); SEC v. Kik Interactive Inc., 492 F. Supp. 3d 169, 179 (S.D.N.Y. 2020). ***However, the mere existence of team-held tokens, without associated marketing or speculation, does not automatically render a token a security.*** See Hinman, Digital Asset Transactions: When Howey Met Gary (Plastic), SEC (June 14, 2018).

This allocation does not, in itself, create a profit expectation for users or render the token a security, so long as:

- Users are not purchasing the token as an investment.
- Team-held tokens are not marketed as speculative assets.

RecoverIQ should exercise caution in messaging around team tokens to make sure the users are not purchasing the tokens as an investment and that the Team-held tokens are not marketed as speculative assets.

Clawback of Dormant Tokens

Clawback mechanisms, such as RecoverIQ's planned inactivity-based reclamation of dormant tokens, are not determinative of whether a token constitutes a security under U.S. law. The SEC has stated that the assessment of a digital asset depends on "the economic realities underlying the transaction," rather than solely on the instrument's terms. See SEC, Framework for "Investment Contract" Analysis of Digital Assets (April 2019), available at <https://www.sec.gov/files/dlt-framework.pdf>; SEC v. Telegram Group Inc., 448 F. Supp. 3d 352, 370 (S.D.N.Y. 2020); SEC v. Kik Interactive Inc., 492 F. Supp. 3d 169, 178 (S.D.N.Y. 2020). A clawback mechanism, if clearly disclosed and designed for operational integrity rather than profit expectation, does not itself convert a utility token into a security. RecoverIQ's planned inactivity-based clawback system is consistent with consumer protection goals and appears designed to prevent abuse of token accumulation. This feature does not, in my opinion, impact the security analysis, provided users receive clear disclosures and; Clawbacks are operationally justified, not designed to manipulate supply or price.

Regulatory Caveats

This opinion is based on:

- The facts provided to me as of the date of this letter.
- My review of current U.S. regulatory frameworks.
- The presumption that RecoverIQ will not list PATRIQ™ on public exchanges or enable secondary trading markets.

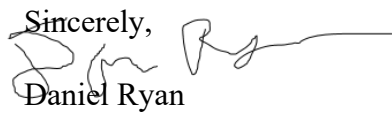
Important note: Regulatory interpretations in the digital asset space continue to evolve rapidly. While PATRIQ™ is currently structured as a utility token and not a security, future changes in law, guidance, or enforcement priorities could alter its regulatory classification. RecoverIQ should continue to monitor developments, particularly those from the SEC, CFTC, and other relevant authorities.

Conclusion

Based on the foregoing analysis, it is my professional legal opinion that:

The PATRIQ™ token qualifies as a bona fide utility token under current U.S. law and is not a security, provided RecoverIQ continues to operate the token solely within its functional, in-app ecosystem and refrains from enabling public trading or speculative activity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Ryan', with a long horizontal flourish extending to the right.

Daniel Ryan

Attorney at Law

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Admitted 1996 New York State Bar

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