

**From:** [REDACTED] >

**To:** J <jeevacation@gmail.com>

**Cc:** [REDACTED] >

**Subject:** Re: Medici bank pitch deck / summary of calls, meetings

**Date:** Sun, 19 May 2019 21:42:55 +0000

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Hi Jeffrey,

Please read the [summary](#) (link and below) of our conversations with Ed Boyle. so you have background info before 12 pm EST call. Let me know if anything else is needed.

I found Ed Boyle a knowledgeable man in banking industry. He also works in fintech and crypto since 2014 and knows exchanges founders and many fintech specialists (to hire).

If I were you, i would give a call to Brock Pierce to ask questions. He did not answer my past 3 pings.

### **Medici Bank**

#### **SUMMARY of conversations with Ed Boyle**

[Medici Bank](#) is a licensed US bank focused on the needs of digital centric companies (fintech, blockchain, crypto) that do business worldwide. It is not a lending centric but a cloud, APIs based bank. Fintech investment opportunity.

#### Raise

Seed: Now raising \$1M - \$1.25M, of which \$475k has been funded by prior investors (ie. \$525k– \$775k open to new investors)

Vehicle: Convertible Note (no interest) with 20% discount and \$10M valuation cap; rolling close terminates May 6th

Use: Funds to be used for 6 month runway of tech & team build out through Q3 launch(will raise \$10M at launch via priced round)

Investment: Size range of \$100k min to \$300k maximum; right of first offer for next round (with larger allocations)

#### Seed Investors

[Greg Gilbert](#) from Agilic Capital LLC

Pecksland

Robert Get

Davos Johnston (Latrium)

Jimmy Fai (Securitise)

Crystal Rose (thinking or invested?)

Kyle Bass (200K)

## Founders story

Ed founded [Blade](#) in 2014. Brock Pierce backed but did not play active role. The company pivoted. Mastercard and visa were a rough competition and company did not survive after 4 years. Customers did not want to use their wallets/cards and pay in crypto because crypto is volatile. People who own crypto do not want to spend it. It is like owning stock or bonds for investment purposes. Blade payments try to sell their IP. They took the technology, part of the team, knowledge from Blade and set up Medici bank. Lorenzo and Ed met in summer 2018 via Brock's introduction. They bought an existing PR bank for about a million USD and build Medici on its infrastructure.

## Problem

Crypto exchanges are high risk industry and banks do not want to bank with them.

Crypto exchanges need banks to be able to wire money. They have no FX.

*Why crypto exchanges do not instal the FX function to do it themselves?*

No license from PR to bank cannabis industry but can obtain if bank grows.

## Innovation

APIs:

Medici builds its own API. In Europe, banks are required to have APIs. In USA, only roughly 7 banks have AP, 2 out of them bank crypto and blockchain.

API replace legacy systems. Examples 1) 1.000 customers use Kraken to do 10.000 domestic transfers a day. Their machines generate quickly those transfers using APIs. 2) KYC vendor process: they get data from clients, pass it to vendor via APIs. Vendor scores it against Medici's parameters.

## Profit generation model

1. Spread between overnight and 0. Between 200 and 240 bpts and paz zero.
2. FX margin. Customers want to bank in 10 currencies. They will convert to USD different currencies and collect margin. Customers will pay 5% for wiring money to exchanges. 2.6% is an industry average wire fee.

## Customer acquisition

To acquire customers of exchanges.

- when you bank with Kraken, customers of Kraken want to bank with the same bank as exchange. It will be faster to do transactions if you have the same bank as exchange.

## Licenses/Regulations

Federal Reserve Bank in NY supervises Puerto Rico Regulator which regulates Medici. PR banking laws apply. Audits are done in PR.

Medici bought an existing bank in PR for roughly 1 mln USD and build on top of it.

US authority gave license to operate as a bank to only 2 banks in the past 5 years.  
International PR banks do not have to be FATCA compliant, no obligation to disclose assets and beneficial owners.

### Use of funds

Technology, channels, online banking portal, API, system integration, KYC, AML, Compliance, reporter CRM, core banking vendors.

Alloy \$5k setup plus \$1500 x 4 = \$11k  
Finxact \$150k setup plus \$8500/month x 3 months = \$175k  
NY team/office plus 1 Dev and 1 Compliance x 5 months = \$300k  
SJ team/office plus 1 Compliance x 5 months = \$150k  
Comply Advantage = \$25k  
Reserve CD = \$300k  
Deal Payoff = \$175k  
T&E/Conferences = \$30k  
Wachsman PR = \$100k  
Office Rent = \$20k

TOTAL: \$1,185,000

### Exit strategy

Investors make money by the value of the equity of the bank increasing. For every 100 mln of deposit they need to have 6 mln equity deposited. Plan: with 2 bln USD of deposits, Medici will have 120 mln of equity (100 mln of investor money and 20 mln of profits generated).

Liquidity events in 3-5 years:

- Exit, acquisition by a larger bank for its technology/innovative focus

**What is your technology that big banks can't build? How is your fintech different from existing banks that bank blockchain/crypto industry companies ?**

- STO
- To sell shares in the next round

### Competitors

[Noble bank](#) Puerto Rico.

Collapsed in December, according to Ed. They had \$400B of crypto clients deposits in fiat. They went out of business because 90% of revenues went down. Too many hires: in 6 months they hired 100 people. They could not fire people quickly enough to survive.

By law, they had to have 120 mln retained earnings/their own money in the bank. They had much less and broke the law. They ran out of their own money and went out of business.

\$4B of money/demand floats in industry and look for a bank.

Ed knows the customers of Noble and hopes to pick up 3rd, or 4th of the business.

[Cross river](#)

[Grosshopper](#) NY

### [Silver Gate](#)

20 mln of costs, 2 bln deposits, earning 2% overnight from US treasury money market accounts. 10 mln deposits minimum. Cost to have account: 10K monthly fee).

### [Radius bank](#)

[Fidor bank](#) Germany. Former employer of Ed. Digital innovative bank, works with crypto. 2000 consumer accounts open daily with 5 usd customer acquisition cost. 75 employees. 300 K customers.

[Founders bank](#). Malta. No license yet. One of the investors is Binance (\$5M, 5% of equity).

### Securities/Broker account

If they decide to have investment account, Medici will use a broker dealer for 75K fee. Licensed software to have a robot advisor to integrate into Medici operation system. For instance, interactive brokers that cover international markets via APIs.

### Team

#### [Ed Boyle](#)

[Lorenzo de Medici](#), born in 1975. Artist, collector and speaker on family offices conferences. Doubts on his wealth management experience.

[Newton Gomez](#) knows Ed since 7 years and worked on cross boarder payment project together.

At Medici, Newton works on payment processing, access device for customers to access cash, cards, lending products.

[Steve Williams](#) worked with Ed on Blade for 4 years.

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**From:** J <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)>  
**Sent:** Wednesday, May 15, 2019 15:36  
**To:** [REDACTED]  
**Subject:** Re: Medici bank pitch deck

sorry , who will be on the call medici? others?

On Wed, May 15, 2019 at 6:13 PM [REDACTED] > wrote:  
it is at 2 pm EST Thurs. Video Skype ?

the docs of the bank are here : <https://www.dropbox.com/sh/d6ogg31byfzsrnq/AAAYU-H90gHmxbrg-AcnA0u6a?dl=0>

Thank you!

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**From:** J <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)>  
**Sent:** Tuesday, May 14, 2019 19:19  
**To:** [REDACTED]  
**Subject:** Re: Medici bank pitch deck

im easy

On Tue, May 14, 2019 at 10:16 PM [REDACTED] > wrote:

Thank you Jeffrey. What time Thursday afternoon is fine for you ?  
I will meet team in their office and we can video call you.

Warm regards,  
[REDACTED]

On May 14, 2019, at 3:49 AM, J <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)> wrote:

always also happy to do a skype confercem. re accutane. sunblock

On Mon, May 13, 2019 at 8:22 PM [REDACTED] > wrote:

Hi Jeffrey,

Are you in NY 16-19 May ? Should I bring them over with Medici heir ? So we ask them right investor questions :-)

What is much too Little you mean ?

Their first company From 2014 with current CEO Ed Boyle and Brock failed.

<https://www.linkedin.com/in/edwardjboyle>

My notes from the call:

Medici bank call 13 May

They co founded 2014, blay payments. With Brock. The company pivoted. Master card and visa shut it down. Problems in crypto space. In reality, people who own crypto dont wanna spend it. It is hard to have a card in crypto.

The ramps are owned by the bank ?

4 years. Then failed. CEO and founder for Ed. Brock was on the board but not active.

0 money for investors. IP is saved. They try to sell IP.

Afterwards, Fidor bank - eu Europe - first profitable digital bank.

[CEO](#)

[Company Name](#)

[Medici Bank](#)

[Dates Employed](#)

[Jun 2018 – Present](#)

[Employment Duration](#)

[1 yr](#)

[Location](#)

[San Juan, Pr, Puerto Rico](#)

Why Medici ? Some of the biggest pain points in crypto space, banks dont want to back crypto currencies companies. This bank opens accounts for crypto companies.

Which banks bank with crypto companies ?

He expects return in 3-5 years.

STO through the customers in the bank. Equity in the bank will be tokenised. Possibly acquired.

- seed: Convertible note, 10%, 100K-300K. STV - investors LLC. According.

Series A in October (10 mln), series B () in next year. Depends on what they in as deposits.

Closing this week.

Entire fund is subscribed in.

Medici family did not invest in Medici.

Why ?

Investors:

Ajilic capital (lead), Peckslan, Robert Get. Greg Gilbert

Davos Johnston from Latrium (crypto currency). Jimmy Fai from Securitise.

They acquired an old bank in liquidation and build Medici out of it. Plans to test in summer. Sept and oct to be launched for Medici.

In discussion with exchanges, want to start with institutional traders.

Building and deploying best-in-class digital banking infrastructure and capabilities to serve tech-centric multinationals and the digital natives that do business with them via our "fintechwith a banking license".

Who are the clients of the bank ?

Minimum assets ? Would u take international companies ? Hong Kong, Swiss entity or only US ?  
Securities accounts only or pure consumer bank, payments is ok ?

Clients (Corp and HNW) Based in any country for any country, not subject to US sanctions list.

HK, Swiss company is ok.

Retail bank -

International business by chapter -

They dont do loans.

They are oriented towards payments.

At this stage just banking with corporates.

Competing on convenience and UX, (what is UX)

How investors will make money ? When ?

How many people work for you ?

Ed's idea to create it. Brock's idea. He will be supportive of him to start a bank.

7 in NY and Puerto Rico.

- Most of the team in Puerto Rico. Salary is less. cheaper.
- Interest rate - 0 for interest rates. Business model - FX margin on payments.
- Subrogate bank in California - 2 bln dollars in deposits - 40 mln overnight in treasure. 50% profit margin as the bank. There is no credit risk no mortgages - only interest rates.

300K at his bank. 60-70 people working at the bank.

Selling directly to exchanges, wallets, family offices - Medici is on selling side.

Two exchanges - 5 want to work with them. 2 of them want to test Kraken and Itbit.

What is Lorenzo Medici role ?

- On the board of directors. Half time now. Most developing the business for the private wealth part of the bank. Ed is in NY. Lorenzo is in LA, Rome, Dallas, 1/3 of time travelling, going to speak at conferences

Do you work full time ?

If you have time before the call, can you please send any investor related documentation (deck, business plan, how much money was raised, how many employees you have now, how are you planning to make money for your investors, exit strategy if any).

When did you start building it ? Why ? Whose idea ? How the bank is going to make money ?

Which services does it provide ?

Where is it licensed? Copy of licenses if possible.

Minimum investment size; whether it is possible to invest as a pool with other angels.

You talk about other banks have no APIs - explain how you use APIs, what for ? Why others dont use them ?

Thursday evening.

DNA

2-3 members are in the city this week.

To meet at the office, 20 blocks.

- Other guys want to invest in - 300K but they are 25 mln worth.

<https://about.crunchbase.com/blog/questions-before-investing-startup/>

Warm regards,  
[REDACTED]

On May 13, 2019, at 10:16 AM, J <[jeevacation@gmail.com](mailto:jeevacation@gmail.com)> wrote:

1 staffing. capitalization. seems much too little. . something not right except great name, id like to know what lorenzo does.

On Mon, May 13, 2019 at 1:14 PM [REDACTED] > wrote:

my main concern is how investors will make money on it within next 5-8 years. Bank exist for decades but i would like a return on investment earlier.

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