

Paragon (PGN)

An immutable ledger for the marijuana industry

Overview

Paragon is a predominantly US based startup seeking to bring transparency, verification, and stability to the marijuana market via an ERC20 blockchain system.

The aspirations of Paragon can be summarised as the following:

- 1) creation of an immutable ledger for all industry related data
- 2) to create a marketplace using ParagonCoin (PGN) for the payment of industry related services
- 3) establishment of niche co-working spaces
- 4) create standardization of supply, management, and verification within the marijuana industry

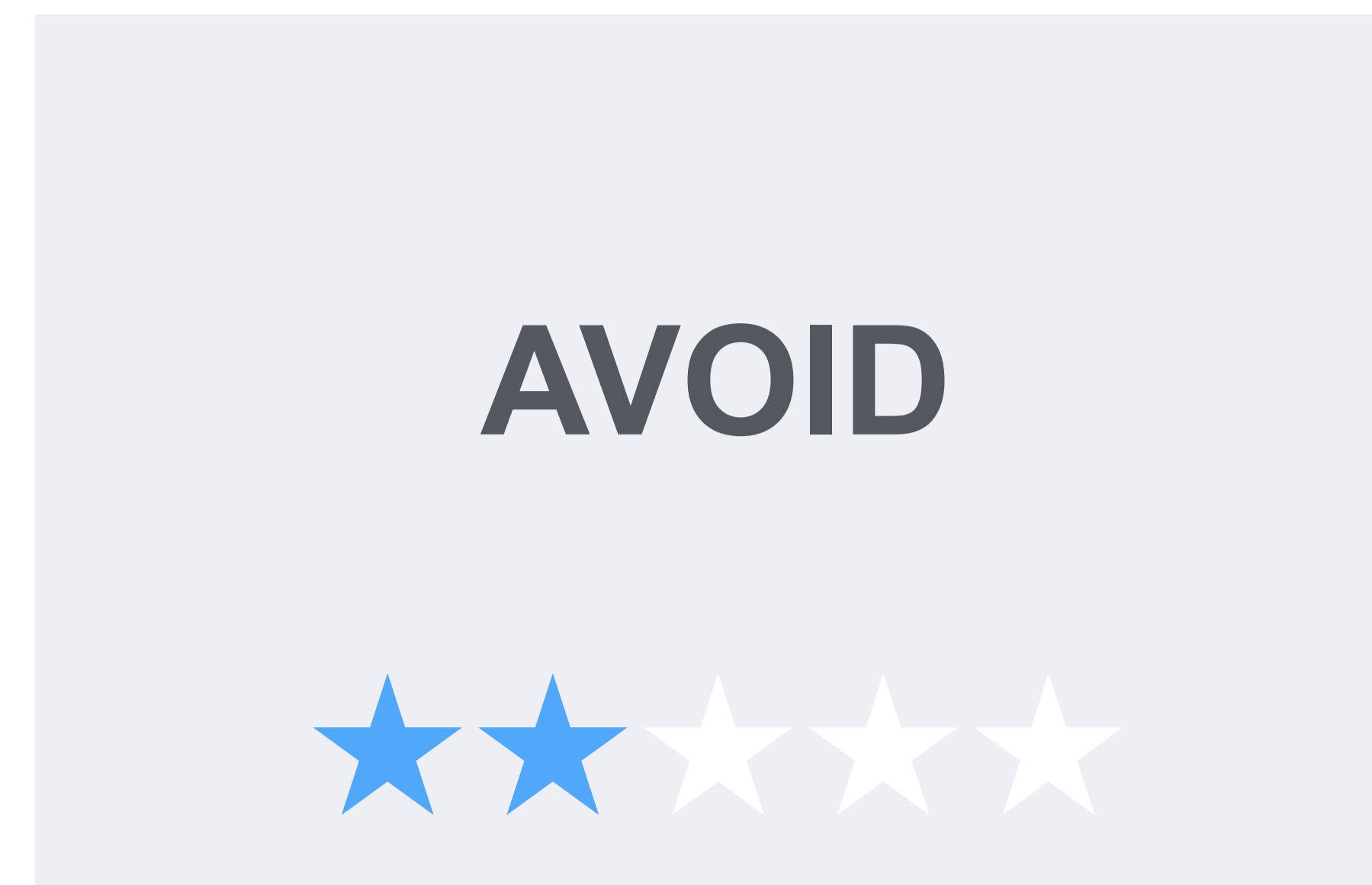
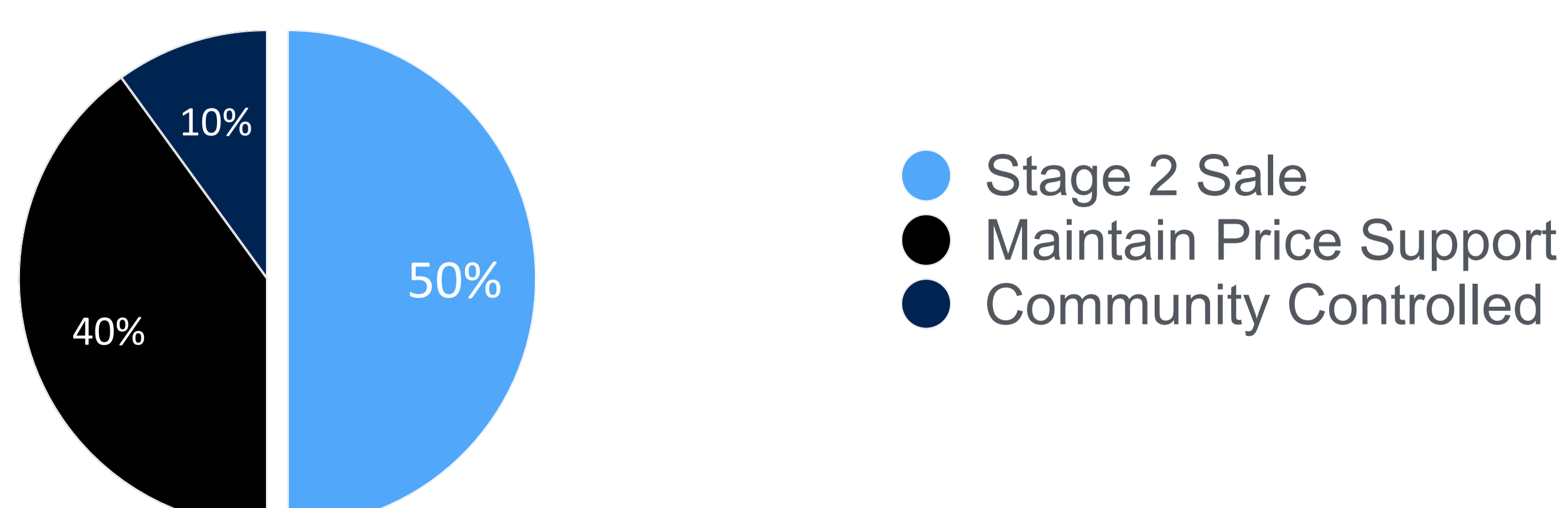
Paragon has invested a substantial amount of time into public relations and market awareness, promoting a strong stance of complete legalization of marijuana and the positive effects it can have to consumers and industry alike.

Token Sale

Under the code PGN, Paragon is issuing 100m tokens (in its first round) with a further 100m to be issued at 'stage 2.' The deal structure in which Paragon employs appears to be quite complex. Over time, the number of tokens in circulation will decrease due to a transactional 'burn,' hence the issue of allotment (2).

A detailed use of proceeds, budget and spend on specific infrastructure is omitted within the white paper. However, there is some mention of the token allotment at the various stages. Interestingly, 40% of tokens being issued in the first round is to 'maintain price support of PGN.'

The token sale price is currently 100,000,000 PGN for \$1 each.



General

Country:	USA
Team:	Transparent
White Paper:	Available
Stage:	Concept
Sale Period:	Sep 5 - Sep 15
Website:	Click here

Sale Info

Pricing:	1 PGN = 1USD
Accepted:	ETH
Min Goal:	NA
Cap:	200,000,000
Escrow:	Smart Contract
Bonus:	View here

Bonus structure

Stage 1:	30%
Stage 2:	30%
Stage 3:	10%

Checklist

Management team:	⚠
Product definition:	⚠
Commercial viability:	⚠
Volume/interest:	✓
Fulfilment:	✓

Tokens for Investors

The tokens received by investors after the fundraising period (PGN) are intended to be used for transactional processes established within the model as well as an incentive to harness innovation within the entire Paragon ecosystem.

Tokens are also intended to be available for trading on the exchange.

Commercial Strategy

The white paper presents a number of commercial models relating to the establishment of the verification and quality control system (ParagonChain), investment in co-working spaces (ParagonSpace), the growth of its community (ParagonOnline) and the launch of an accelerator (ParagonAccelerator).

When analyzing the intricacies of just one phase of the business, ParagonChain, (refer to page 10 of the whitepaper), it is a significant goal that they have, effectively aspiring to tackle a complete ecosystem through one technology.

The commercial strategy then evolves into the establishment of co-working offices (real estate and operations) and other online community initiatives seeking to change current marijuana legislation.

Management

The Paragon team appear to have eleven profiles associated with management. The experience of which spans from fashion to legal and development.



Jessica VerSteeg - CEO

Former model (Miss Iowa) and an Amazing Race participant. CEO of AuBox, a marijuana delivery service.



Egor Lavrov - CCO

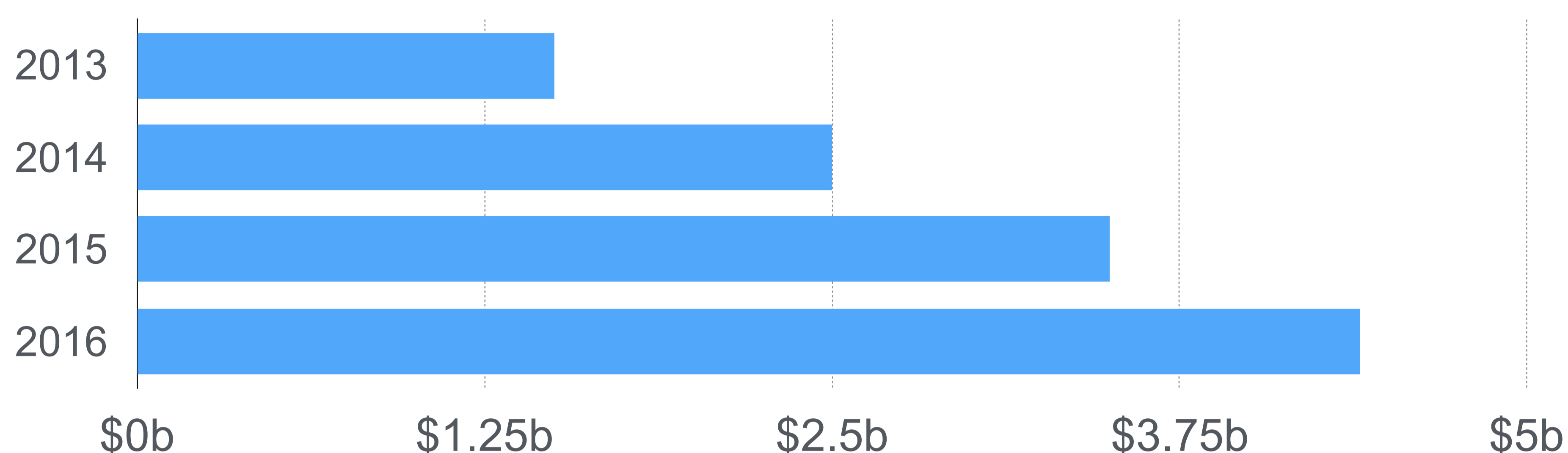
Serial entrepreneur claiming multiple million dollar exits.

In addition to the management team, there are a further 13 advisors listed in the white paper.

Strengths

- The marijuana industry has been growing significantly in the USA as laws continue to relax regarding the private use of the drug in select states.

Growth of the marijuana industry (USA)



http://www.huffingtonpost.com/2015/01/29/marijuana-industry-growth-charts_n_6565904.html

- Quality control is known to be an issue, particularly regarding the source of the drug/strain. There has been a significant amount of emphasis placed on data management and verification within the marijuana industry.
- The public relations aspect of the ICO has created a large amount market awareness which may lead to a successful sale.

Weaknesses

- The commercial strategy of Paragon is not clear. While they are promoting the initiative based on the blockchain contract (ParagonChain), an extensive portion of the commercial model is unlikely to be blockchain based.
- The problem they are trying to tackle exists, however the execution in bringing a solution to market is not to be understated. The ecosystem Paragon would like to penetrate (in just one of its commercial steps) involves procurement, verification, distribution, management, delivery and payment. Generally speaking, most startups would seek to tackle only one of these problems at a time.
- The launch of ParagonAccelerator and ParagonSpace appears to be initiatives that may actually make the company money, however, these aspects have little to do with blockchain (with the exception of the PGN tokens being used as 'rewards' or 'currency.')
- There is a substantial amount of content in the white paper about these two commercial models, and in some instances, quoting the success of WeWork.
- The token allocation needs more explanation. The use of funds to 'control market price' seems like it is counterintuitive and not suited for the public market.

Weaknesses.. continued

- The management team appears to focus on public relations as its priority for raising funding. The CEO, while success in modeling, does not appear to have exited nor made a significant success out of her previous initiative AuBox, with the exception of a few press articles released in Vogue and other magazines.
- There is no detailed use of proceeds listed. While there is some mention as to the stages, there is no specific data as to how the money will be spent.
- There are no concrete deadlines listed in the white paper.
- On a macro note, we see a threat of transactions being placed over the blockchain as currency, particularly when legalization of such drugs has occurred only because governments and regulators seek to benefit from the taxation component.

Conclusion

Paragon appears to be a **significant risk** to investors that are seeking **long term exposure**.

We acknowledge that the amount of public relations involved and overall market 'hype' will likely get this project funded. The company has gone as far as to hire 'The Game,' a renown hip-hop artist to assist in the marketing.

While we are impressed with the team's ability to promote the token sale, we see a substantial amount of risk associated with investment in the long term.

For the reasons listed below, we hold a negative view:

1. The token sale structure is extremely complicated
2. A significant amount of funds are used to 'control the token price'
3. There is no detailed 'use of proceeds' or budget
4. The team have not communicated a clear commercial strategy as there are 5 completely different segments
5. We believe the use of blockchain within the ecosystem (in this venture) will be limited
6. There is a strong focus on the establishment of Accelerators and Co-working spaces as opposed to the blockchain initiative
7. The management team appear to be using the current market liquidity as a method of financing for something other than the actual concept
8. It is unknown as to what portion of the funds will be held by management, promoters, etc...

For the reasons listed above, we **believe there is a significant risk associated with this token sale**. If the same structure and offering were presented by a company that did not put such high profile names to it, we would be on the verge of labeling such a token sale as 0 stars.

In saying this, for those seeking short term speculation of a quick trade, the amount of hype associated with this ICO may provide a quick capital gain in the token price once it hits the exchange.

For those seeking a long term investment, we advise to **avoid** Paragon.

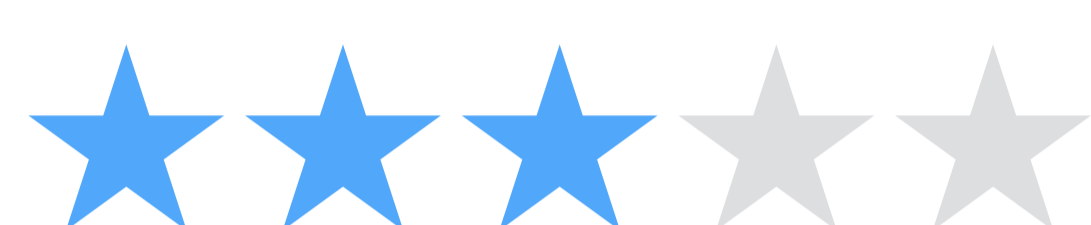
Ratings Overview



Either at concept stage, lack of commercialization/conviction or bordering a Scam.



The company/tokens have merit, however there are questionable attributes and involves significant risk.



An investment worthy opportunity that should be considered and a healthy balance of risk vs return.



A good opportunity with no significant weaknesses and a clear path of commercialization.



A high conviction opportunity of investment with no visible weaknesses.

SCAM

A fraudulent initiative to be avoided at all costs.

RISKY

Due to a variety of factors, investment is associated with high risk of losing capital.

HOLD

Usually occurring in an updated release of coverage to advise maintaining current levels of position sizing.

SPEC BUY

A speculative opportunity for investors with a higher risk tolerance.

BUY

A high conviction buying opportunity.

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