

LIVIO PAYNE CAPITAL LLC · APRIL 2026

# Risk Management Framework

A comprehensive register, heat map, dependency analysis, and milestone schedule governing Fund I's 18-month path to full close and first deployment.

66

RISKS IDENTIFIED

12

HIGH PRIORITY

28

MEDIUM PRIORITY

26

LOW PRIORITY

## 01 Scoring Methodology

### LIKELIHOOD (L) — SCALE 1-5

- 1 ■ Remote — <10% probability
- 2 ■ Unlikely — 10-30%
- 3 ■ Possible — 30-60%
- 4 ■ Likely — 60-85%
- 5 ■ Near-certain — >85%

### IMPACT (I) — SCALE 1-5

- 1 ■ Nuisance — minimal disruption
- 2 ■ Minor — limited delay or cost
- 3 ■ Material — significant delay or cost
- 4 ■ Severe — puts first close at risk
- 5 ■ Existential — could end the fund

■ **High** — Score  $\geq 15$  · Weekly review cadence ■ **Medium** — Score 8-14 · Bi-weekly review

■ **Low** — Score  $\leq 7$  · Monthly review

US Regulatory

Bolivia / Cross-Border

Operational

1 High 5 Med 4 Low

3 High 3 Med 2 Low

1 High 3 Med 2 Low

### Capital Formation / LP

2 High 4 Med 1 Low

### Compliance / AML / Sanctions

1 High 2 Med 1 Low

### Technology / Cyber

1 High 2 Med 2 Low

## 02 Risk Register

ID	CATEGORY	RISK	L	I	SCORE	PHASE	OWNER
R-US-01	US Regulatory	Failure to qualify for §3(c)(1) or §3(c)(7) Investment Company Act exemption	2	5	10	1-2	Counsel + CCO
R-US-02	US Regulatory	Reg D 506(b) general-solicitation violation before 506(c) decision	3	5	15	1	Founder + CCO
R-US-03	US Regulatory	Late or incorrect Form D filing (15-day post-first-sale window)	2	4	8	2	CCO
R-US-04	US Regulatory	Custody Rule (Advisers Act §206(4)-2) misapplication once RIA-registered	2	4	8	2-3	CCO + Admin
R-US-05	US Regulatory	Bad-actor disqualification under Rule 506(d) discovered post-subscription	2	5	10	1-2	CCO
R-US-06	US Regulatory	Pay-to-play Rule 206(4)-5 violation if government-plan LP and contributions made	1	4	4	2-3	CCO
R-US-07	US Regulatory	ERISA plan-asset rules triggered (>25% benefit-plan investor participation)	2	4	8	2	Counsel + Adr
R-US-08	US Regulatory	§1061 carried-interest holding-period failure (Bolivia trades cycle 3-9 months)	4	3	12	2-3	Tax counsel

ID	CATEGORY	RISK	L	I	SCORE	PHASE	OWNER
R-US-09	US Regulatory	FATCA / CRS reporting failure — late or incomplete filings	2	3	6	2–3	Admin
R-US-10	US Regulatory	OFAC/sanctions exposure via undisclosed LP beneficial owner	2	5	10	1–2	CCO + KYC ve
R-B0-01	Bolivia	ASFI / Ministry of Mining licensing changes restricting foreign-funded purchasing	3	5	15	1–3	Bolivia counse
R-B0-02	Bolivia	Bolivian export-tax / royalty regime change reducing trade margins	3	4	12	2–3	Bolivia counse
R-B0-03	Bolivia	Currency controls / USD outflow restrictions imposed by BCB	3	4	12	2–3	Treasury
R-B0-04	Bolivia	Force-majeure events at port (Arica, Iquique) — strike, weather, fire	3	3	9	2–3	Ops
R-B0-05	Bolivia	Title / chain-of-custody dispute on mineral lot	2	5	10	2–3	Ops + Counse
R-B0-06	Bolivia	Refinery counterparty repudiation or payment delay on receipt	2	5	10	2–3	Ops + Treasur
R-B0-07	Bolivia	OECD / responsible-sourcing audit failure or NGO red-flag on artisanal mining	3	5	15	1–3	Ops + CCO
R-B0-08	Bolivia	Bribery / FCPA exposure via Bolivian intermediary or customs broker	2	5	10	1–3	CCO + Counse
R-0P-01	Operational	Logistics partner (freight forwarder) fails mid-shipment	2	4	8	2–3	Ops
R-0P-02	Operational	Assay / weight discrepancy between origin and	3	3	9	2–3	Ops

ID	CATEGORY	RISK	L	I	SCORE	PHASE	OWNER
		destination					
R-OP-03	Operational	Cargo theft, hijack, or pilferage in transit	2	5	10	2–3	Ops
R-OP-04	Operational	Escrow / paying-agent operational failure (wrong release, fraud)	1	5	5	2–3	Treasury + Co
R-OP-05	Operational	Six-stage process bottleneck — KYC clearance exceeding 7-day SLA	4	3	12	2–3	CCO + Ops
R-OP-06	Operational	Volume scaling — pipeline insufficient to support deployment pace	3	4	12	2–3	Ops
R-CP-01	Counterparty	Exporter default — fails to deliver after deposit paid	2	5	10	2–3	Ops + Treasur
R-CP-02	Counterparty	Refinery off-take failure — buyer cannot pay or take delivery	1	5	5	2–3	Ops + Treasur
R-CP-03	Counterparty	Fund administrator / custodian operational failure	1	4	4	1–3	Admin oversig
R-CP-04	Counterparty	Primary bank exits emerging-markets corridor (de-risking)	3	4	12	2–3	Treasury
R-CP-05	Counterparty	Fund counsel conflicts out or partner moves firm mid-engagement	2	3	6	0–1	Founder
R-LP-01	Capital / LP	Anchor LP withdraws before first close	3	5	15	1	Founder

ID	CATEGORY	RISK	L	I	SCORE	PHASE	OWNER
R-LP-02	Capital / LP	First-close minimum not reached by target date	3	5	15	1-2	Founder
R-LP-03	Capital / LP	LP concentration — single LP >25% creates control risk	3	3	9	1-2	Founder + Co
R-LP-04	Capital / LP	Side-letter MFN explosion — bespoke terms create operating drag	3	3	9	1-2	Counsel
R-LP-05	Capital / LP	Negative reference call from prior employer or industry contact	2	4	8	1	Founder
R-LP-06	Capital / LP	Track record gap — Fund I has no audited prior returns	4	3	12	1	Founder
R-LP-07	Capital / LP	LP base too narrow — concentrated in single investor type	2	3	6	1-2	Founder
R-FN-01	Financial	Capital-call timing — LPs miss or delay call (default risk)	2	4	8	2-3	Admin
R-FN-02	Financial	Subscription line / capital-call facility unavailable or pricing widens	2	3	6	1-2	Treasury
R-FN-03	Financial	FX volatility on USD-priced trades when partners operate in BOB	2	3	6	2-3	Treasury
R-FN-04	Financial	Interest-rate / commodity financing cost rise eroding deal economics	3	3	9	2-3	Treasury
R-FN-05	Financial	Mark-to-market loss on inventory during transit (commodity price drop)	3	4	12	2-3	Ops + Risk
R-FN-06	Financial	Operating expense overrun vs. Management Fee budget pre-final-close	3	3	9	0-2	Founder
R-TX-01	Tax	Bolivia permanent establishment created via on-	3	4	12	1-3	Tax counsel

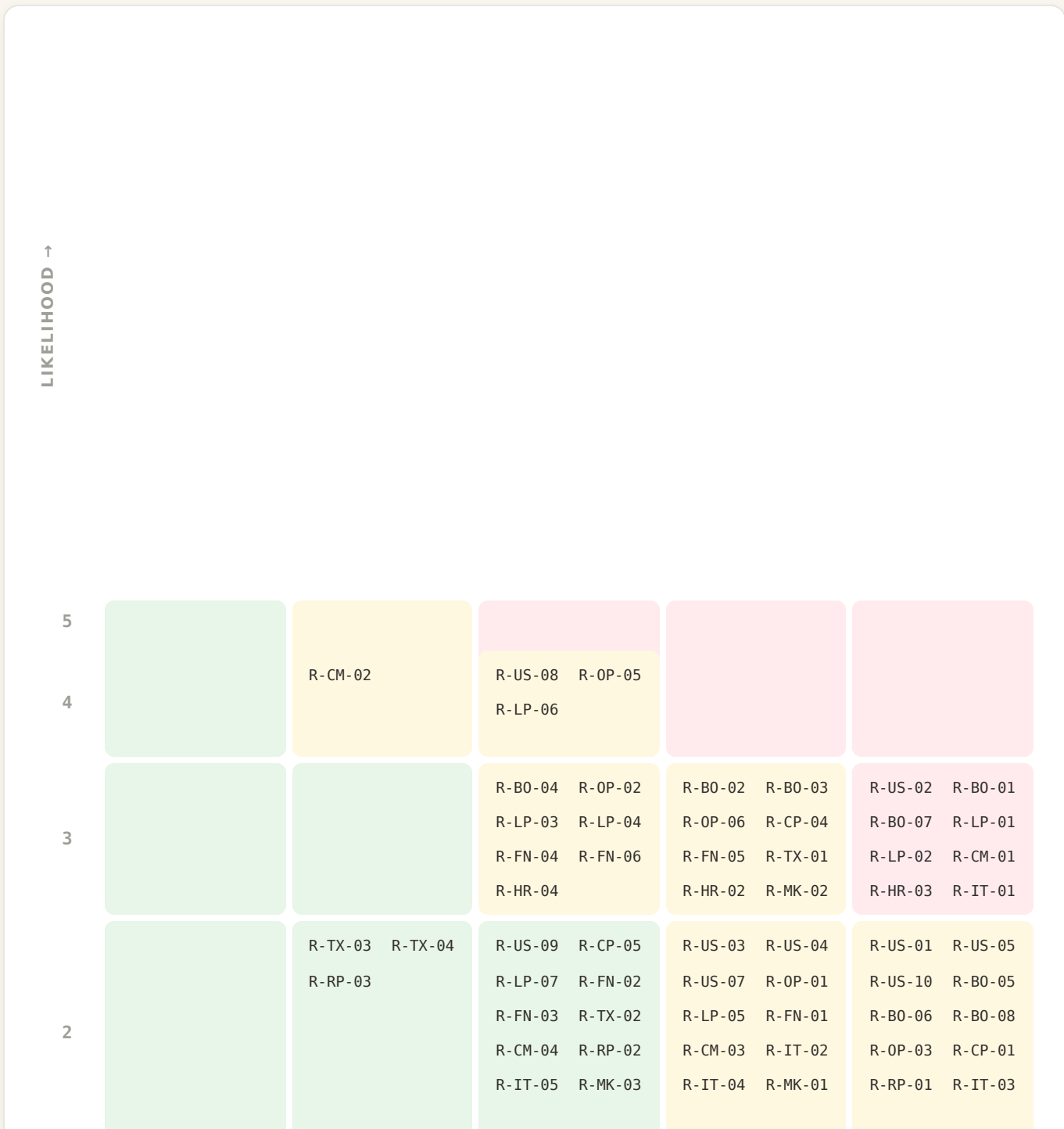
ID	CATEGORY	RISK	L	I	SCORE	PHASE	OWNER
		the-ground activity					
R-TX-02	Tax	UBTI / ECI — non-US LP exposure to unrelated business taxable income	2	3	6	2–3	Tax counsel +
R-TX-03	Tax	State tax filings missed in states where LPs reside or fund operates	2	2	4	2–3	Admin
R-TX-04	Tax	Bolivian withholding on payments to non-Bolivian sellers or advisors	2	2	4	2–3	Tax counsel
R-CM-01	Compliance	AML program inadequate at time of first close	3	5	15	1–2	CCO
R-CM-02	Compliance	Sanctions list update creates LP rescreening obligation	4	2	8	1–3	CCO
R-CM-03	Compliance	PEP onboarded without enhanced due diligence	2	4	8	1–2	CCO
R-CM-04	Compliance	CTA / FinCEN beneficial-ownership filing missed for fund or GP entity	2	3	6	0–1	Counsel
R-RP-01	Reputational	Bolivia sourcing linked in media to environmental harm or labor abuse	2	5	10	1–3	CCO + Comm
R-RP-02	Reputational	LP base discovers prior public-record issue	2	3	6	1	Founder
R-RP-03	Reputational	Industry incident at peer fund creates guilt-by-association risk	2	2	4	1–3	CCO + Comm
R-HR-01	Personnel	Founder / Key Person disability or death pre-close	1	5	5	0–2	Founder

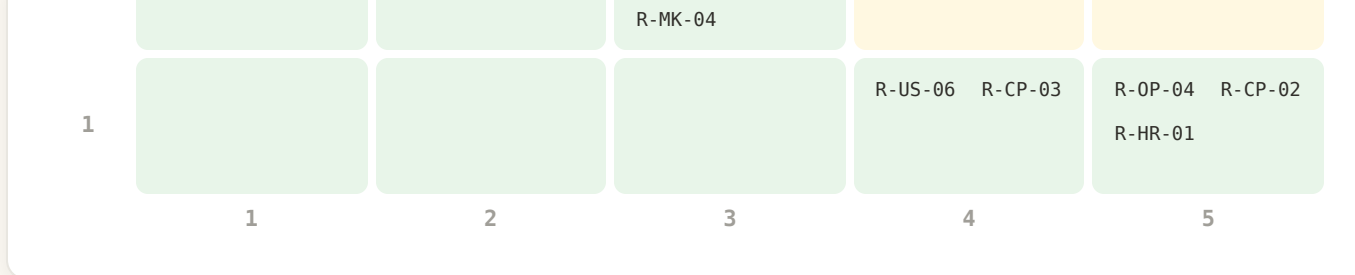
ID	CATEGORY	RISK	L	I	SCORE	PHASE	OWNER
R-HR-02	Personnel	Bolivia country lead hire fails or departs	3	4	12	1-2	Founder
R-HR-03	Personnel	CCO / compliance hire delayed past first close	3	5	15	0-1	Founder
R-HR-04	Personnel	CFO / controller gap once admin scope exceeds capacity	3	3	9	2-3	Founder
R-IT-01	Technology	Wire fraud — spoofed email instructing payment redirect	3	5	15	0-3	Treasury
R-IT-02	Technology	Data breach of LP PII / KYC documents	2	4	8	1-3	CCO + IT
R-IT-03	Technology	Email / domain compromise (founder, GP, or administrator)	2	5	10	0-3	IT
R-IT-04	Technology	Ransomware on operations workstation	2	4	8	0-3	IT
R-IT-05	Technology	Vendor concentration on single SaaS platform that fails	2	3	6	1-3	Ops
R-MK-01	Market	Commodity price collapse during fund deployment	2	4	8	2-3	Ops + Founder
R-MK-02	Market	Bolivia political instability — election cycle or civil unrest	3	4	12	1-3	Ops + Counsel
R-MK-03	Market	US-LATAM trade-policy shift (tariffs, export controls)	2	3	6	2-3	Counsel

ID	CATEGORY	RISK	L	I	SCORE	PHASE	OWNER
R-MK-04	Market	Demand-side shock from end-buyer industries	2	3	6	2-3	Ops

### 03 Risk Heat Map

Each risk is plotted by Likelihood (vertical) × Impact (horizontal). Score = L × I. Hover any risk ID for detail. High-priority risks require weekly review by the founding principal and compliance officer.



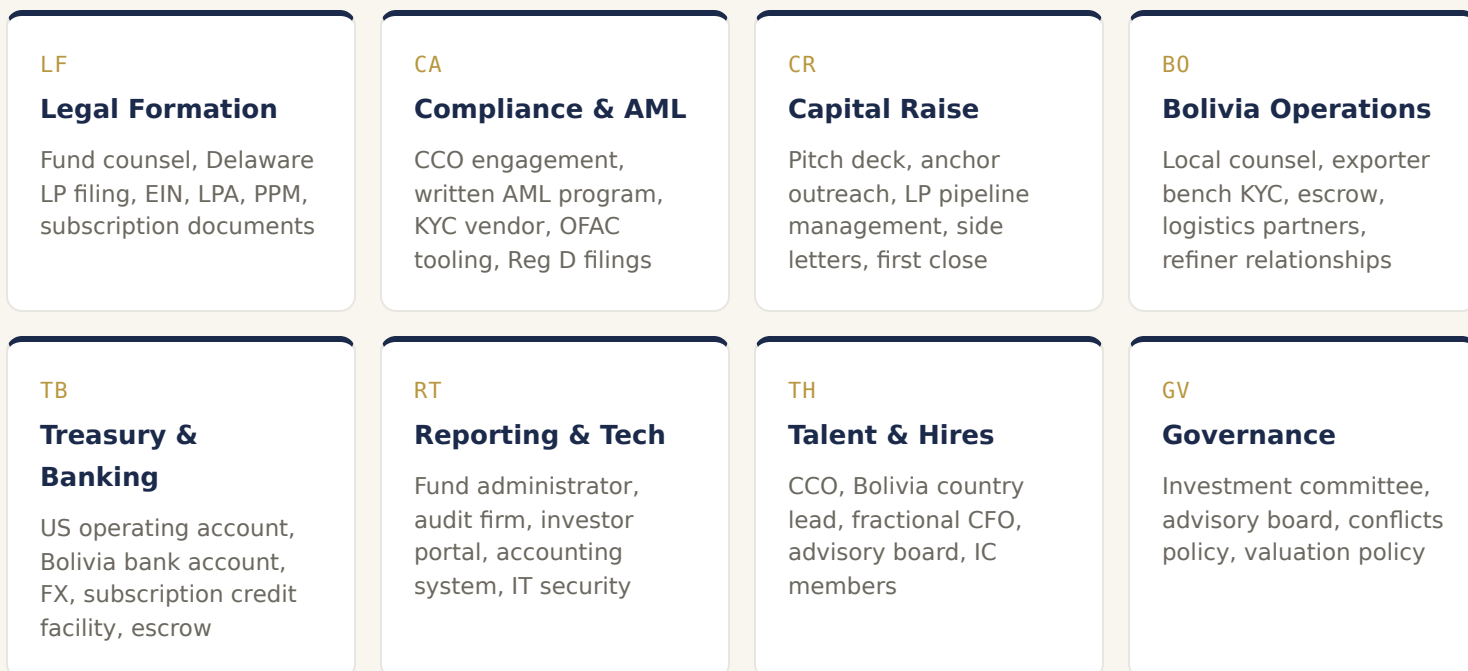


TOP 8 HIGH-PRIORITY RISKS – WEEKLY MANAGEMENT FOCUS

- R-US-02** Reg D 506(b) general-solicitation breach — requires documented pre-existing relationship log
- R-B0-07** OECD responsible-sourcing audit failure — per-lot diligence file; annual third-party audit
- R-LP-02** First-close minimum not reached — realistic minimum sized to commitments-in-hand
- R-HR-03** CCO hire delay — outsourced CCO firm engaged by Month 2; in-house by Month 12
- R-B0-01** ASFI / Bolivia licensing change — local counsel on retainer; buyer-of-refined-product structure
- R-LP-01** Anchor LP withdrawal — two-anchor strategy; soft-circle docs before side-letter terms
- R-CM-01** Inadequate AML program at close — written program approved before first subscription
- R-IT-01** Wire fraud — dual-control policy + verbal callback to verified number before any first close

## 04 Dependency Map

Eight workstreams must coordinate in parallel. Gate A (First-Close Ready) is the single most consequential checkpoint — all eight workstreams must converge before a single subscription can be accepted.



## CRITICAL PATH — KEY PREDECESSOR RELATIONSHIPS

SUCCESSOR	PREDECESSORS REQUIRED	RATIONALE
<b>LPA Finalized</b>	Counsel engaged → DE LP filed → CCO engaged	Counsel drafts; CCO must review compliance provisions
<b>PPM Final</b>	LPA finalized + track-record narrative locked	PPM cross-references LPA; disclosures require final terms
<b>Sub Docs Ready</b>	PPM final + AML program approved	KYC questions must mirror the approved AML program
<b>First Close</b>	Sub Docs final + KYC vendor live + Form D ready + bank account open + admin engaged	All five must be in place before accepting a single subscription
<b>First Bolivia Trade</b>	First close + exporter KYC complete + escrow live + USD account + AML clearance	All five required before capital can be deployed into a trade
<b>Subscription Line</b>	First close completed + admin engaged	Lenders require committed capital and admin in place
<b>Investment Committee</b>	LPA finalized + advisors confirmed	LPA codifies IC structure; need confirmed members to fill seats

## Single Points of Failure — Concentration Risks

SINGLE POINT OF FAILURE	WHY IT MATTERS	MITIGATION
<b>Fund Counsel (single firm)</b>	Drafts LPA, PPM, Sub Docs; opines on every LP admission	Backup firm shortlisted; work-product portability in engagement letter
<b>Founder as sole IC voter</b>	Concentrates investment authority; LP concern in diligence	Advisory IC seats added by Gate A; documented voting policy
<b>Single anchor LP</b>	First close depends entirely on one commitment	Two-anchor strategy; oversize anchor relative to first-close minimum
<b>Bolivia country lead</b>	All on-the-ground execution funnels through one person	Backup contractor; documented playbook; second hire by Month 18
<b>Single fund administrator</b>	Books, capital calls, and LP reporting depend on one vendor	Annual SOC 2 review; full data-export rights in MSA

SINGLE POINT OF FAILURE	WHY IT MATTERS	MITIGATION
Single primary bank	De-risking exit would halt operating and capital-call flow	Two USD banking relationships established from Day 1

## 05 Milestone & Gate Schedule

The 18-month plan runs across four phases separated by two hard gates. No phase may advance until all gate conditions are satisfied. Target first close: Q3 2026 (Week 24–28).

### PHASE 0 Foundation Months 1–3 · Weeks 1–12

MILESTONE	TARGET	PREDECESSOR	OWNER	STATUS
Fund counsel engaged — LOE signed	Wk 3	—	Founder	OPEN
Outsourced CCO firm engaged	Wk 4	—	Founder	OPEN
Delaware LP Certificate filed	Wk 4	<i>Counsel engaged</i>	Counsel	OPEN
EIN issued	Wk 5	<i>DE LP filed</i>	Counsel	OPEN
Bolivia counsel retained	Wk 6	—	Founder	OPEN
Anchor LP target list (15 names)	Wk 4	—	Founder	OPEN
Pitch deck v1	Wk 6	—	Founder	OPEN
Fund administrator RFP issued	Wk 6	—	Founder	OPEN
Auditor RFP issued	Wk 8	—	Founder	OPEN
KYC vendor selected	Wk 8	<i>CCO engaged</i>	CCO	OPEN

### PHASE 1 Build Months 4–9 · Weeks 13–24

MILESTONE	TARGET	PREDECESSOR	OWNER	STATUS
LPA v1 delivered to anchor for review	Wk 12	<i>Counsel engaged</i>	Counsel	OPEN
PPM v1 delivered to anchor	Wk 14	<i>LPA v1</i>	Counsel	OPEN
AML program written and approved	Wk 14	<i>CCO engaged</i>	CCO	OPEN

MILESTONE	TARGET	PREDECESSOR	OWNER	STATUS
Fund administrator engaged	Wk 12	<i>RFP closed</i>	Founder	<b>OPEN</b>
Auditor engaged	Wk 14	<i>RFP closed</i>	Founder	<b>OPEN</b>
Subscription Documents v1 ready	Wk 16	<i>PPM v1 + AML approved</i>	Counsel + CCO	<b>OPEN</b>
Investor portal live	Wk 18	<i>Admin engaged</i>	Admin	<b>OPEN</b>
Bolivia country lead hired	Wk 16	—	Founder	<b>OPEN</b>
Exporter bench: 5 KYC-cleared exporters	Wk 20	<i>KYC vendor + BO counsel</i>	Country Lead	<b>OPEN</b>
Anchor LP signed term sheet	Wk 18	<i>LPA v1</i>	Founder	<b>OPEN</b>
US operating bank account open	Wk 10	<i>EIN issued</i>	Founder	<b>OPEN</b>
Bolivia bank account open	Wk 18	<i>BO counsel</i>	Country Lead	<b>OPEN</b>



GATE A · TARGET: WEEK 24–28

### First-Close Ready — All conditions must be satisfied

- LPA, PPM, and Subscription Documents final and counsel-executed
- AML program approved; KYC vendor live; first-LP files cleared
- Form D draft prepared; Blue Sky state map complete
- Capital-call bank account open and operational
- Fund administrator operational — capital calls and ledger ready
- Anchor LP commitment signed; aggregate first-close minimum met
- Auditor engagement letter signed
- Investment Committee constituted with at least one external seat

PHASE 2

**Operate** Months 10–15 · Weeks 25–48

MILESTONE	TARGET	PREDECESSOR	OWNER	STATUS
First Close held	Wk 26	<i>Gate A</i>	Founder	<b>OPEN</b>
Form D filed (15-day post-first-sale window)	Wk 27	<i>First subscription executed</i>	CCO	<b>OPEN</b>
Blue Sky filings filed (per state)	Wk 27	<i>First subscription per state</i>	CCO	<b>OPEN</b>
Subscription credit facility established	Wk 32	<i>First close + admin engaged</i>	Treasury	<b>OPEN</b>

MILESTONE	TARGET	PREDECESSOR	OWNER	STATUS
Exporter bench: 10 KYC-cleared exporters	Wk 30	<i>Phase 1 bench progress</i>	Country Lead	<b>OPEN</b>
First Bolivia trade executed	Wk 30	<i>First close + exporter cleared + escrow live</i>	Country Lead + Ops	<b>OPEN</b>
First quarterly LP report issued	Wk 36	<i>First trade + admin operational</i>	Admin	<b>OPEN</b>
Mid-cycle LP update / re-up call	Wk 42	<i>Trade track record established</i>	Founder	<b>OPEN</b>
Annual audit kickoff	Wk 48	<i>Calendar year-end</i>	Auditor	<b>OPEN</b>



GATE B · TARGET: WEEK 36-40

### Operational Proof — Required before second fundraising round

- First Bolivia trade settled at or above underwriting margin
- Audit-quality books and records demonstrated to administrator
- No material compliance findings from CCO or regulator
- LP reporting issued on time and with no material errors

PHASE 3

**Scale** Months 16-18 · Weeks 49-72

MILESTONE	TARGET	PREDECESSOR	OWNER	STATUS
Final Close	Wk 62-72	<i>Gate B + LP demand confirmed</i>	Founder	<b>OPEN</b>
Full-time CCO offer (AUM-triggered)	Wk 60	<i>AUM trigger reached</i>	Founder	<b>OPEN</b>
Fractional CFO engaged (AUM-triggered)	Wk 60	<i>AUM trigger reached</i>	Founder	<b>OPEN</b>
Annual audit complete	Wk 64	<i>Year-end + audit engagement</i>	Auditor	<b>OPEN</b>
Fund II planning kickoff	Wk 68	<i>Final close + track record</i>	Founder	<b>OPEN</b>

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