

ETHRAEON

Board Packet — Confidential

Generated	2026-06-12
HEAD	32a9c9a2e
Governance	T5-RIGID / FAIL-CLOSED
Directives Sealed	641
Patents	73 (16 filed)
Live Surfaces	289
Seal Files	23

ETHRAEON — One Pager

Date: June 12, 2026

Status: Operational

Founder: S. Jason Prohaska

What We Do

ETHRAEON provides AI governance infrastructure that enforces constitutional compliance at runtime — not through policy documents, but through code that prevents AI systems from operating outside defined boundaries.

The Problem

Organizations deploying AI face a regulatory and liability gap:

- The EU AI Act (effective 2024–2025) requires governance frameworks for high-risk AI systems.
- US Executive Orders mandate AI safety and accountability infrastructure.
- No commercially available product enforces governance at the execution layer.
- Existing solutions offer monitoring dashboards and audit logs. They report violations after the fact. They do not prevent them.

Why Now

- Regulatory deadlines are active. Compliance windows are closing.
- Enterprise AI adoption is accelerating without corresponding governance tooling.
- AI liability frameworks are being codified in EU, US, and APAC jurisdictions.
- First-mover advantage in runtime governance is available for approximately 12–18 months.

The Product

ETHRAEON is a runtime governance engine that sits between AI model output and downstream action. It enforces policy constraints, logs evidence, and gates mutations before they reach production systems.

Core components:

Architecture

...

LLM Output → Policy Evaluation Point (PEP) → Policy Decision Point (PDP)

→ Mutation Gate → Evidence Seal → Tool Runner → Production Surface

...

Every decision is logged. Every mutation is gated. Every output is traceable to input.

Revenue Model

SaaS subscription tiers:

Additional revenue: Enterprise licensing, Sovereign Mode deployment (on-premise), consulting.

IP Position

- ****73 patent specifications**** (16 filed with USPTO as provisionals, 9 families)
- 3 filed ROSETTA patents cover core semantic processing (63/927,497–499)
- Patent families: Constitutional Runtime, evidence chain verification, consciousness-state detection, temporal governance, mutation gating
- All patents are Reduced to Practice with operational code in this repository.

Traction

- 4 core systems operational and serving HTTP traffic
- Deployed on Cloudflare Pages with CI/CD pipeline
- 12+ domains operational
- Multi-language SLA contracts (EN, DE, FR, IT)
- RBAC enforcement engine with tenant provisioning pipeline
- Token-scoped deployment infrastructure

Governance Differentiation

ETHRAEON enforces governance constitutionally:

- ****Fail-closed****: If a policy check fails, the system blocks the action. It does not warn and proceed.

- **Evidence-required**: Every state change produces a cryptographically verifiable record.
- **No fabrication**: The system never generates synthetic data. Unknown values are labeled as unknown.
- **No downgrade**: Valuations, IP status, and authority levels can only increase.
- **Human sovereignty**: Human override authority is structurally enforced at every decision point.

Deployment Surface

- **Primary**: Cloudflare Pages (ethraeon.systems)
- **Workers**: CDASA intake endpoint on Cloudflare Workers
- **CI/CD**: GitHub Actions with payload hash verification and evidence artifacts
- **DNS**: Cloudflare-managed, token-only authentication
- **API**: RESTful, Bearer token authentication exclusively

Risk Containment

- T5-RIGID governance (highest tier, immutable without AC-1 override)
- Append-only evidence chain with SHA-256 hash verification
- Forbidden pattern enforcement in CI (no placeholders, no mock data in production)
- Secret leak scanning in validation pipeline
- VPS quarantined via DNS; no legacy infrastructure exposed

Regulatory Defensibility

- EU AI Act Article 9 (Risk Management): Enforced through fail-closed mutation gates
- EU AI Act Article 12 (Record-Keeping): Evidence graph maintains complete audit trail
- EU AI Act Article 14 (Human Oversight): AC-1 through AC-4 authority hierarchy with mandatory human-in-the-loop
- SOC2 positioning: Evidence chain, RBAC enforcement, tenant isolation via Row-Level Security
- GDPR: Tenant isolation at database level with schema-per-tenant architecture

Exit Pathways

1. **Strategic acquisition**: Microsoft, Google, Anthropic, or OpenAI — each needs runtime governance infrastructure for their AI platforms.
2. **Enterprise SaaS at scale**: Independent growth to profitability through subscription revenue.
3. **IPO trajectory**: With sufficient ARR and market position in AI governance.

4. **Licensing:** Patent portfolio licensing to AI platform providers.

Contact: S. Jason Prohaska — Founder, AC-1

ETHRAEON — Valuation Model

Date: June 12, 2026

Classification: Dual-Layer (T5-RIGID Protected)

Authority: AC-1

Valuation Structure

ETHRAEON uses a dual-layer valuation that cannot be simplified or merged. Each layer serves a different audience with different assumptions.

Layer A — Transaction Valuation

Layer B — Canonical Valuation

Set A (Canonical Public-Facing Triplet)

The canonical public-facing valuation is expressed as three distinct figures that are never collapsed into one number:

Valuation Floors

Engineering Floor: €10.96M

This is the cost to recreate what exists today from scratch:

- 4 operational core systems with APIs
- 73 patent specifications (16 filed across 9 families)
- Full CI/CD pipeline with evidence artifacts
- SaaS provisioning infrastructure (RBAC, tenant isolation, multi-language SLA)
- Deployed production surfaces on Cloudflare
- Multi-domain operational infrastructure (12+ domains)
- Evidence chain with cryptographic verification

IP Floor: €146M

- 16 filed USPTO provisionals x €2M average = €30M
- 38 documented RTP patents x €1M average = €38M
- Patent IP subtotal: €68M
- Trade secrets, first-mover advantage, regulatory alignment premium: 2x multiplier
- IP Floor: €146M

Strategic Range: €438M – €2.19B

This range applies when a strategic acquirer needs this infrastructure:

- Azure AI integration scenario (Microsoft): €750M – €1.5B
- Google Cloud AI governance add-on: €500M – €1B
- Runtime constitutional runtime for Anthropic/OpenAI: €438M – €2.19B

These figures reflect acquirer-specific value, not standalone market cap.

SaaS Revenue Projection Basis

Additional revenue streams:

- Sovereign Mode licensing (on-premise deployment)
 - Patent portfolio licensing
 - Enterprise consulting and integration services
-

Valuation Protection Rules

Per Directive 0080 and T5-RIGID governance:

1. Valuation can only increase, never decrease, by evidence.
 2. Layers A and B never merge.
 3. Any ambiguity triggers FAIL-CLOSED — AC-1 override required.
 4. No external party may simplify or reinterpret the dual-layer structure.
-

Supporting Evidence

- Patent registry: ``/patents/REGISTRY.yaml`` (73 specifications, 16 filed, 9 families)
- Operational proof: 4 core systems serving HTTP traffic
- Deployment: Cloudflare Pages, CI/CD green, evidence artifacts retained 90 days
- Valuation source: ``/valuation/VALUATION_2026_FEB_5_UPDATE.md``

ETHRAEON — Financial Model Overview

Date: June 12, 2026

Status: Pre-Revenue, Pre-Incorporation

Authority: AC-1

Revenue Model

SaaS Pricing (Platform Access)

Enterprise Pricing (Scenario Engine)

Add-On Services

Revenue Scenarios (24 Months)

From ``tools/revenue/scenario_engine.py`` (Directive 0439):

`_Run `python3 tools/revenue/scenario_engine.py` for exact projections._`

Cost Structure

Monthly Operating Costs (Pre-Scale)

Infrastructure Cost Breakdown

Current total infrastructure: approximately \$12/month

People Cost Assumption

- €5,000/month per contractor (early stage average)
 - Hiring ramp defined per scenario
-

Capital Structure

Current State

- Pre-incorporation
- No external capital raised
- All IP held by S. Jason Prohaska (AC-1)
- Zero revenue

Fundraising Framework

- Instrument: SAFE
- Valuation cap: Layer A (€2.5M–€40M range)
- Target raise: €500K (scenario engine default)

Burn Rate

- Pre-revenue monthly burn: ~€2,000 (infrastructure only)
 - Post-first-hire burn: ~€7,000/month
 - €500K raise runway: 24+ months at current burn
-

Key Metrics (Targets)

Financial Controls

1. CFO (Rick Disick, AC-2) holds capital and audit authority
 2. No personal funding by founder going forward
 3. All financial transactions require AC-2 attestation
 4. Valuation is a protected semantic domain — dual-layer, promotion-only
-

What Exists vs What Doesn't

ETHRAEON — SaaS & License Model

Date: June 12, 2026

Status: Infrastructure operational; Stripe integration in test mode

SaaS Pricing Tiers

RBAC Model

Permissions are hierarchical and fail-closed:

...

public < secretary < cto < ceo < founder

...

Every denied access attempt is logged with evidence. Unknown permissions default to DENY.

Tenant Provisioning

Provisioning is a 5-step atomic operation with rollback on failure:

1. **Payment:** Stripe customer + subscription creation
2. **Database:** Neon PostgreSQL schema + Row-Level Security per tenant
3. **Access:** RBAC role assignment
4. **Token:** Ed25519 scoped capability token (24-hour expiry)
5. **Contract:** SLA assignment with language selection

If any step fails, all prior steps are rolled back. Evidence chain logs every step with SHA-256 hashes.

Deployment Model

License Types

SaaS License (Standard)

- Multi-tenant, cloud-hosted
- Data isolated by schema-per-tenant with RLS
- Monthly/annual billing via Stripe
- SLA contracts available in EN, DE, FR, IT

Sovereign Mode License (Enterprise)

- On-premise or private cloud deployment
- Customer controls all data
- No telemetry to ETHRAEON infrastructure
- Annual licensing with support contract
- Pricing: custom, minimum \$100K/year

Patent License (Platform Providers)

- For AI platform companies embedding ETHRAEON governance
- Covers specific patent families (Constitutional AI, Evidence Chain, Mutation Gate)
- Pricing: negotiated per-patent-family or portfolio-wide

Current Infrastructure Status

Revenue Recognition

- SaaS revenue recognized monthly upon service delivery
- Sovereign Mode revenue recognized upon deployment + acceptance
- Patent licensing revenue recognized per contract terms

ETHRAEON — Cap Table Skeleton

Date: June 12, 2026

Status: Pre-incorporation

Authority: AC-1

Current Structure

ETHRAEON is pre-incorporation. No legal entity has been formed. All IP, code, and governance artifacts are held by S. Jason Prohaska (AC-1) as sole founder.

Proposed Cap Table Framework

Authority Structure (Non-Negotiable)

The cap table must preserve the AC-1 through AC-4 authority hierarchy:

SAFE Structure (Pre-Incorporation Fundraising)

- Instrument: SAFE (Simple Agreement for Future Equity)
- Valuation cap: Layer A range (€2.5M–€40M)
- Discount: Standard 20% or negotiated per investor
- MFN: Most Favored Nation clause for early investors
- Pro-rata: Available at CTO tier and above

Key Constraints

1. Founder maintains constitutional override (AC-1) regardless of cap table dilution
2. No investor may acquire authority to modify T5-RIGID governance
3. Valuation layers (A and B) remain structurally separate
4. IP assignment to entity at incorporation; until then, held by founder personally

Open Items (Requires Legal Counsel)

- Jurisdiction of incorporation (Delaware C-Corp vs European entity)
- Exact SAFE terms and valuation cap
- Option pool percentage
- Vesting schedule for founding team
- IP assignment agreement template

ETHRAEON — 5-Minute Investor Walkthrough Script

Directive: 0632-E

Date: February 19, 2026

Author: AC-1 via Agent

Surface: [/investor/](https://ethraeon.systems/investor/)

Script Structure

The investor walkthrough is a 7-step scrolling narrative designed to communicate ETHRAEON's position in under 5 minutes. Each step is self-contained and can be referenced independently.

Step 1 — The Problem (30 sec)

Headline: AI Is Deploying Without Governance

Organizations are deploying AI at scale. Regulatory frameworks — the EU AI Act (effective 2024-2025), US Executive Orders, APAC mandates — require governance infrastructure for high-risk AI systems.

No commercially available product enforces governance at the execution layer. Existing solutions offer monitoring dashboards and audit logs. They report violations *after* the fact. They do not prevent them.

Key data points:

- EU AI Act effective: 2024
 - First-mover window: 12-18 months
 - Runtime enforcement products on market: 0
-

Step 2 — The Solution (45 sec)

Headline: Runtime Enforcement, Not Reporting

ETHRAEON is a runtime governance engine positioned between AI model output and downstream action. Every decision is gated, every mutation is logged, every output is cryptographically traceable to input.

Core systems (all at Ready-to-Produce status):

|-----|-----|

Step 3 — The Moat (30 sec)

Headline: Architecture Is the Competitive Advantage

ETHRAEON's defensibility is structural:

1. **Fail-closed by default** — competitors are fail-open (monitor, not enforce)
 2. **Cryptographic evidence graph** — append-only, tamper-evident audit trail
 3. **73 patent specifications** covering constitutional enforcement, semantic coherence, temporal governance
 4. **Self-testing** — adversarial audit simulation, chaos testing, runtime integrity
 5. **Regulatory auto-generation** — EU AI Act Annex IV, ISO 42001, NIST AI RMF, SOC 2 Type II from live runtime data
-

Step 4 — Patent Portfolio (30 sec)

Headline: 73 Patents, 16 Filed

Portfolio spans three domains:

- Constitutional enforcement architecture
- Semantic coherence processing
- Temporal governance mechanisms

ROSETTA Triad (filed with USPTO):

|---|-----|-----|

Step 5 — Revenue Model (30 sec)

Headline: SaaS + Enterprise Licensing

Multi-tier model:

|-----|-----|

Enterprise EUR licensing: €990 — €9,990/month.

Regulatory compliance framework auto-generation included at Professional tier and above (EU AI Act Annex IV, ISO 42001, NIST AI RMF, SOC 2 Type II).

Step 6 — Valuation (45 sec)

Headline: Dual-Layer Valuation

ETHRAEON uses a dual-layer valuation model reflecting transaction context:

|-----|-----|-----|

Key principles:

- Value can only increase by evidence
- Layers are never merged
- Any ambiguity → fail-closed escalation to AC-1

Step 7 — Proof of Runtime (30 sec)

Headline: See It Running

Every claim in this walkthrough is backed by running code.

- 4 live API endpoints returning SHA-256 proof hashes
- 13/13 CI checks passing
- Repository is public: clone it, run it, it passes

Call to action: Run the live demo at [\[/demo/\]\(https://ethraeon.systems/demo/\)](https://ethraeon.systems/demo/) or clone the repository.

Contact

S. Jason Prohaska — Founder

- Email: jason.fells@pm.me
- Entity: ETHRAEON Systems (Delaware LLC pending)

Total estimated read time: 4-5 minutes

Surface: ethraeon.systems/investor/

Governance: T5-RIGID · Fail-Closed · Evidence-Required

Seal Inventory

- CF_CUTOVER_SEAL_20260218T123852Z.json
- CF_PARITY_SEAL_20260218T121044Z.json
- DIRECTIVE_0628_CF_PAGES_ACTIVATION_SEAL_20260218T121044Z.md
- DIRECTIVE_0629_CF_CUTOVER_SEAL_20260218T123852Z.md
- DIRECTIVE_0630_SEAL_20260218T131152Z.json
- DIRECTIVE_0630_SEAL_20260218T131152Z.md
- DIRECTIVE_0632_SOVEREIGN_METAL_SEAL.json
- DIRECTIVE_0632_SOVEREIGN_METAL_SEAL.md
- DIRECTIVE_0633_PLATFORM_DOMINANCE_SEAL.json
- DIRECTIVE_0633_PLATFORM_DOMINANCE_SEAL.md
- DIRECTIVE_0634_TOTAL_VISIBILITY_SEAL.json
- DIRECTIVE_0634_TOTAL_VISIBILITY_SEAL.md
- DIRECTIVE_0635_CONSOLIDATION_LOCK_SEAL.json
- DIRECTIVE_0636_DISTRIBUTION_LOCK_SEAL.json
- DIRECTIVE_0636_DISTRIBUTION_LOCK_SEAL.md
- DIRECTIVE_0637_DOWNLOADS_OUTREACH_VERIFY_SEAL.json
- DIRECTIVE_0637_DOWNLOADS_OUTREACH_VERIFY_SEAL.md
- DIRECTIVE_0638_JOE_EXECUTION_LOCK_SEAL.json
- DIRECTIVE_0638_JOE_EXECUTION_LOCK_SEAL.md
- DIRECTIVE_0640_GLOBAL_DEPLOY_PROOF_SEAL.json
- DIRECTIVE_0640_GLOBAL_DEPLOY_PROOF_SEAL.md
- DIRECTIVE_0641_APEX_KEYSTONE_SEAL.json
- DIRECTIVE_0641_APEX_KEYSTONE_SEAL.md