

LANDSTAR, INC.

Pivot to Privacy Compliance Market Means Higher Prices Ahead

Rob Goldman
rob@goldmanresearch.com

October 31, 2018

LANDSTAR, INC. (OTC – LDSR - \$0.0051)

Price Target: \$0.027

Rating: Speculative Buy

COMPANY SNAPSHOT

LandStar, Inc., through its wholly owned subsidiary Data443™ Risk Mitigation, Inc., enables secure data – across local devices, network, cloud, and databases – at rest and in flight. ClassiDocs™, the company's award-winning data classification and governance technology, provides GDPR compliance and DSAR management coupled with DLP, CASB, SIEM, and cloud solutions to provide user-enabled, governance-enabled, up-to-date security for every data point, every time. The WordPress-based GDPR Framework enables organizations of all sizes to comply with the GDPR and other privacy frameworks. ClassiDocs™ for Blockchain provides an active implementation for blockchain transactions from inadvertent disclosure and data leaks.

KEY STATISTICS

Price as of 10/30/18	\$0.0051
52 Week High – Low	\$0.0266 - \$0.0001
Est. Shares Outstanding	4.48B
Market Capitalization	\$24.5M
Average Volume	13,380,146
Exchange	OTCPK

COMPANY INFORMATION

LandStar, Inc.

1053 E. Whitaker Mill Road, Suite 115
 Raleigh NC 27604

Web: www.Data443.com

Email: ir@data443.com

Phone : 919.858.6542

INVESTMENT HIGHLIGHTS

Conclusion: LandStar's new Personal Privacy Compliance solution to support the medical marijuana industry represents a pivot toward becoming an emerging leader in one of cybersecurity's most important markets. Moreover, it solves a critical, unmet need in the market and warrants a substantially higher valuation for these shares. Thus, our current financial forecasts and target are now under review for a potential upgrade.

Recap: Landstar closed the ARALOC acquisition last week, and we believe two or three acquisitions could still be announced this year. ARALOC competes in the lucrative Board Management space, has long-term customers, and generated \$500,000 in EBIT last year, making it worth potentially tens of millions alone, going forward.

New Market Represents Major Opportunity. An \$8B market, privacy protection for medical marijuana consumers is not directly enforced on a federal level, and is limited on a state level, but looms on the horizon. LandStar has an active, proven solution in place in Canada and will soon be offered to related US medical marijuana consumers and vendors.

A Privacy Compliance Leader. Whether it is the enterprise level with GDPR, other cyber offerings, the medical marijuana personal privacy protection, potentially HIPAA regulations, or its offering for Facebook users, Data443™ is poised to be a high-growth, very profitable, diversified cybersecurity player--with leadership in Privacy Compliance.

Looking Ahead. New acquisitions, offerings, and markets should drive LDSR's stock to new levels.

FAST FACTS

ARALOC

It should be no surprise that ARALOC could be worth tens of millions to the Company going forward, given its unusually high profitability. Moreover, comparable companies such as Boardvantage, acquired by NASDAQ for \$200M, was valued at an exceedingly high price/sales ratio, despite not offering equivalent capabilities.

At a high level, the Company's mantra remains: Identification, Governance, Protection, Distribution. The new ARALOC offerings reflect this approach as they complement the current identification and classification solution, ClassiDocs, since the ARALOC products protect and distribute, leveraging its encryption capabilities. In essence, this holistic approach represents the Company's Personal Privacy offering, being used by thousands – and which management believes is the blueprint for future privacy requirement in many industries – US Healthcare just one of them.

Personal Privacy Compliance: Medical Marijuana

The Company's offering will be made available in the US to approved and soon-to-be approved jurisdictions, as legislation occurs in the near term.

The solution will be being extended to HIPAA-related fields that include patient privacy outside of the facility, which could potentially be a huge market opportunity. This offering enables the host organization (local/federal government, municipality, medical facility, dispensary, etc.) to ensure that record (transaction and identity) privacy is compliant with local and federal laws. What is key here is that the solution allows the user to control and manage his/her own information.



SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

DISCLAIMER

This *Opportunity Research* report was prepared for informational purposes only.

Goldman Small Cap Research, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* format reflects the Firm's internally generated stock ideas along with economic and stock market outlooks. *Opportunity Research* reports, updates and Microcap Hot Topics articles reflect sponsored (paid) research but can also include non-sponsored micro-cap research ideas that typically carry greater risks than those stocks covered in the *Select Research* category. It is important to note that while we may track performance separately, we utilize many of the same coverage criteria in determining coverage of all stocks in both research formats. Research reports on profiled stocks in the *Opportunity Research* format typically have a higher risk profile and may offer greater upside. *Goldman Small Cap Research* was compensated by the Company in the amount of \$4000 for a research subscription service. All information contained in this report was provided by the Company via filings, press releases or its website, or through our own due diligence. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

Goldman Small Cap Research is not affiliated in any way with Goldman Sachs & Co.

Separate from the factual content of our articles about the Company, we may from time to time include our own opinions about the Company, its business, markets and opportunities. Any opinions we may offer about the Company are solely our own and are made in reliance upon our rights under the First Amendment to the U.S. Constitution, and are provided solely for the general opinionated discussion of our readers. Our opinions should not be considered to be complete, precise, accurate, or current investment advice. Such information and the opinions expressed are subject to change without notice.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research*

report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed. This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: www.goldmanresearch.com