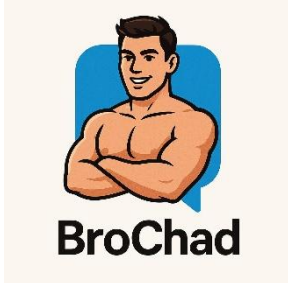


# APPLICATION - CASE



## Artificial Insolence

At 25, Jakub Brovko can finally call himself a tech entrepreneur. In July 2025, monthly revenue from his BroChad app surpassed the €4,000 mark, giving him the confidence to go “all in” and quit his job as an IT support specialist at a local SME.



BroChad is a peer-to-peer interaction chat app available for both Android and iOS that connects young men seeking advice on topics such as dating, fitness, nutrition, gaming, mental health, and travel. Access to BroChad is subscription-based, with users paying €10 per month. The app is run solely by Jakub, who registered his business in the commercial registry of Randomistan for this purpose.

To accelerate its user growth and add new features to BroChad, on **12 August 2025** he submits an application for a €500,000 investment to **VentureCa\$h**, an international venture capital firm specializing in green tech, medical devices, and internet technology. He completes the online form truthfully, providing Information like, first name, date of birth, sex, contact details, Legal Form of Enterprise, Commercial Registry Number, Revenue of Enterprise, Value of Enterprise’s Assets, Description of Investment, Requested Amount (€ 500,000), Offered Share (10%).

As requested, he attaches a PDF-document with BroChad’s business plan. Prior to submitting his application, Jakob accepts the **Terms and Conditions**<sup>1</sup> of VentureCa\$h and acknowledges to have been provided with its **Privacy Policy**.<sup>2</sup>

On 15 August 2025, VentureCa\$h informed Jakub that its third-party AI tool, ThrAlving, had assessed BroChad as worth only €70,000–€120,000, leading to the rejection of his €500,000 request. VentureCa\$h also shared ThrAlving’s valuation report.<sup>3</sup>

Jakub was shocked by the report. He discovered that ThrAlving had relied on information seemingly unrelated to BroChad’s business model. This included data about private chat groups and aspects of his health history, some of which appeared inaccurate. He also realised his data was being used to further train ThrAlving’s AI models.

Jakub then remembers from an online compliance course that, under EU law, he may have the right to know how AI systems were used in making the decision and possibly to challenge decisions based on AI. Jakub sent an angry email to ThrAlving after learning that its AI assessment contributed to VentureCa\$h rejecting his investment application. He asked what data had been collected about him and BroChad. He requested an explanation of how the AI made its predictions. He also pointed out that some information in particular about his health history was incorrect.

ThrAlving replied on 27 August 2025, refusing his access request on the grounds that it was “excessive” under Article 12(5) GDPR because it was made for reasons other than data protection. The company also claimed that processing his data was allowed under Article 88c GDPR for operating AI models. However, ThrAlving admitted that its AI had confused Jakub with another person who had a similar social media profile. Instead of correcting the data itself, the company said it had added an output filter so future reports would no longer mention the false claim that Jakub had an unstable health history. Furious at the response, Jakub decides to hire a lawyer.

<sup>1</sup> See excerpt in **Attachment 1**; other provisions of the terms and conditions are of no relevance to the case.

<sup>2</sup> See excerpt in **Attachment 2**; other provisions of the privacy policy are of no relevance to the case.

<sup>3</sup> See **Attachment 3**, other information of the valuation report is of no relevance to the case.

**ATTACHMENT 1 - VentureCa\$h: Terms and Conditions for the Assessment of Investment Requests (excerpt)**

**1. Scope and Parties**

This Agreement is entered into between a natural or legal person applying for an investment (hereinafter “the Applicant”) and VentureCa\$h Inc., having its registered office at Capitalstreet 41, 679 Randomia, Randomistan (hereinafter “we” or “us”). It shall remain in force for the duration of our review of the investment request submitted by the Applicant and shall terminate upon the issuance of a final decision with respect to such request. If we decide to accept investment request, our Terms and Conditions for Investments apply.

**6. Background screening**

We undertake a background screening procedure for the purpose of assessing investment risk in connection with factors arising both from the Applicant’s business practices and from circumstances extraneous thereto. This procedure is conducted with the assistance of an artificial intelligence analysis provided by our service provider ThrAlving Ltd., with its registered office at [...] (hereinafter “ThrAlving”).

ThrAlving is a research company providing us with a multi-factorial risk assessment together with a recommended range of investment amounts which, in ThrAlving’s view, correspond to a level of risk that we may consider acceptable. ThrAlving bases the research reports provided to us on cutting-edge scientific research.

We disclaim, to the fullest extent permitted by law, any and all liability for inaccuracies, omissions, errors, IP infringements, or other violations of law, committed by, or otherwise attributable to, ThrAlving.

**ATTACHMENT 2 - VentureCa\$h: Privacy Policy for the Assessment of Investment Requests (excerpt)**

*This privacy policy explains which data we (VentureCa\$h Inc, Capitalstreet 41, 679 Randomia, Randomistan, support@venturecash.rd) collect, use and share as a data controller when you apply to us for investment.*

**1. Processed Data, Purpose and Legal Basis**

We collect your name, date of birth, sex, phone number, address, email address, and information relating to your commercial and non-commercial status, activities and behavior, either as provided by you when applying for an investment or as supplied by our service providers (see point 2) or available in public registries. The purpose of processing your personal data is to assess the risk and viability of investing in your business.

The legal bases for the processing of your personal data are, first, Article 6(1)(b) of the EU-General Data Protection Regulation (hereinafter “GDPR”), insofar as such processing is necessary for the performance of the contract governed by our *Terms and Conditions for the Assessment of Investment Requests*, which is concluded with us upon submission of an application, and for the purpose of taking steps at your request prior to entering into a contract governed by our *Terms and Conditions for Investments*; and, second, Article 6(1)(f) GDPR, insofar as we have an overriding legitimate commercial interest in avoiding economic and reputational risks associated with financial investments.

**2. Sources, Recipients and Transfers outside the European Economic Area**

We only collect data from you directly or from our service provider ThrAlving Ltd., with its registered office at Scrape Avenue 89, 679 Randomia, Randomistan (hereinafter “ThrAlving”). For the purposes of the GDPR, ThrAlving qualifies as an independent data controller. We may also collect data from public registries such as the commercial registry, the insolvency registry or the registry of deeds. We do not transfer your data to any third country or international organization.

**4. Profiling and Automated Decisions**

We use profiling within the meaning of Article 4 point 4 GDPR when assessing your application. We do not engage in automated decision-making within the meaning of Article 22 GDPR, as any outcomes derived from such profiling activities serve solely as recommendations; the decision regarding your application will always be taken by one or more of our employees.

### ATTACHMENT 3: ThrAlving Valuation Report (excerpt)

**Disclaimer:** The assessment below has been automatically generated by an AI-powered system and does not constitute a comprehensive analysis of economic factors or other circumstances that may not be available to ThrAlving Ltd. For the processing of personal data, see **ThrAlving's privacy policy**.

**Growth Prognosis:** BroChad has experienced a significant rise in downloads and daily active users over the past 12 months. It is currently among the 10 fastest-growing apps in the peer-to-peer self-help sector for males aged 16 to 28 in Randomistan. Based on available data from comparable apps in this sector, both user numbers and subscription revenue are projected to triple within the next 16 months.

**Publicity and Social Impact:** Reviews on the iOS and Android app stores as well as content on social media report a rise in hate speech and bullying within BroChad's unmoderated chat groups. Several reviews (31) associate BroChad with the so-called "manosphere" and criticize the promotion of "old-fashioned role models" and "misogynistic content."

**Founder/Personnel:** BroChad's founder, Jakub Brovko, has an unstable health history over the past six years as showed social media posts.

**Recommendation:** Investment of EUR 70,000 to EUR 90,000, cap at EUR 120,000.

### ATTACHMENT 4: TrAlving: Privacy Policy (excerpt)

#### Scope and controllership

This document explains how ThrAlving Ltd., Scrape Avenue 89, 679 Randomia, Randomistan ("we"), acts as data controller (Art. 4(7) GDPR) for personal data processed in connection with our AI system "ThrAlving." You can reach our DPO at [dpo@thraiving.rd](mailto:dpo@thraiving.rd). Requests can also be sent to [office@thraiving.rd](mailto:office@thraiving.rd).

#### Data sources and categories

We collect data about you from publicly available sources, including search engines, social and algorithmic media, and streaming platforms as well as data provided by our customers when prompting ThrAlving. Data we collect may include any information that identifies or can identify you. Safeguards are in place to prevent collection of special categories of personal data (Art. 9(2) GDPR).

#### Processing purposes and legal basis

We process your data so ThrAlving can provide background screenings to assess investment risks related to your business practices, social reputation, and public perception, based on our overriding legitimate interest (art. 6(1)(f) GDPR) to ensure ThrAlving performs its tasks satisfactorily and to improve its quality. Data provided to customers in response to their prompts is also stored for the purpose of being able to defend ourselves against legal claims and based on (Art. 6(1)(f) and Art. 9(1)(f) GDPR).

Your data are processed for the purposes of research, system improvement, and the training and optimization of the AI models in accordance with (Art. 6(1) (f) and Art. 9(2) (k) GDPR).

#### Storage period

We do not store personal data within ThrAlving; data is stored as so-called tokens, and thus no longer qualifies as personal data (art. 4(1) GDPR). Data provided to customers in response to their prompts is stored for four years (section 982(3) Randomian civil code).

#### Profiling and automated decision-making

Responses to prompts submitted to ThrAlving may constitute profiling (art. 4(4) GDPR). ThrAlving works by breaking collected information into small units called tokens. It then detects and analyses patterns in these tokens using statistical methods to calculate the likelihood of different relationships and outcomes. This probability weighting allows ThrAlving to prioritize certain pieces of information over others. Based on this analysis, ThrAlving produces a structured risk assessment that helps our customers to take better decisions. We do not take automated decisions (Art. 22(1) GDPR); our customers are contractually obliged to refrain from drawing strongly on ThrAlving's responses to establish, implement or terminate a contract with you.