



# Initial Coin Allocations

## Truthcoin Project

Paul Sztorc

[truthcoin@gmail.com](mailto:truthcoin@gmail.com)

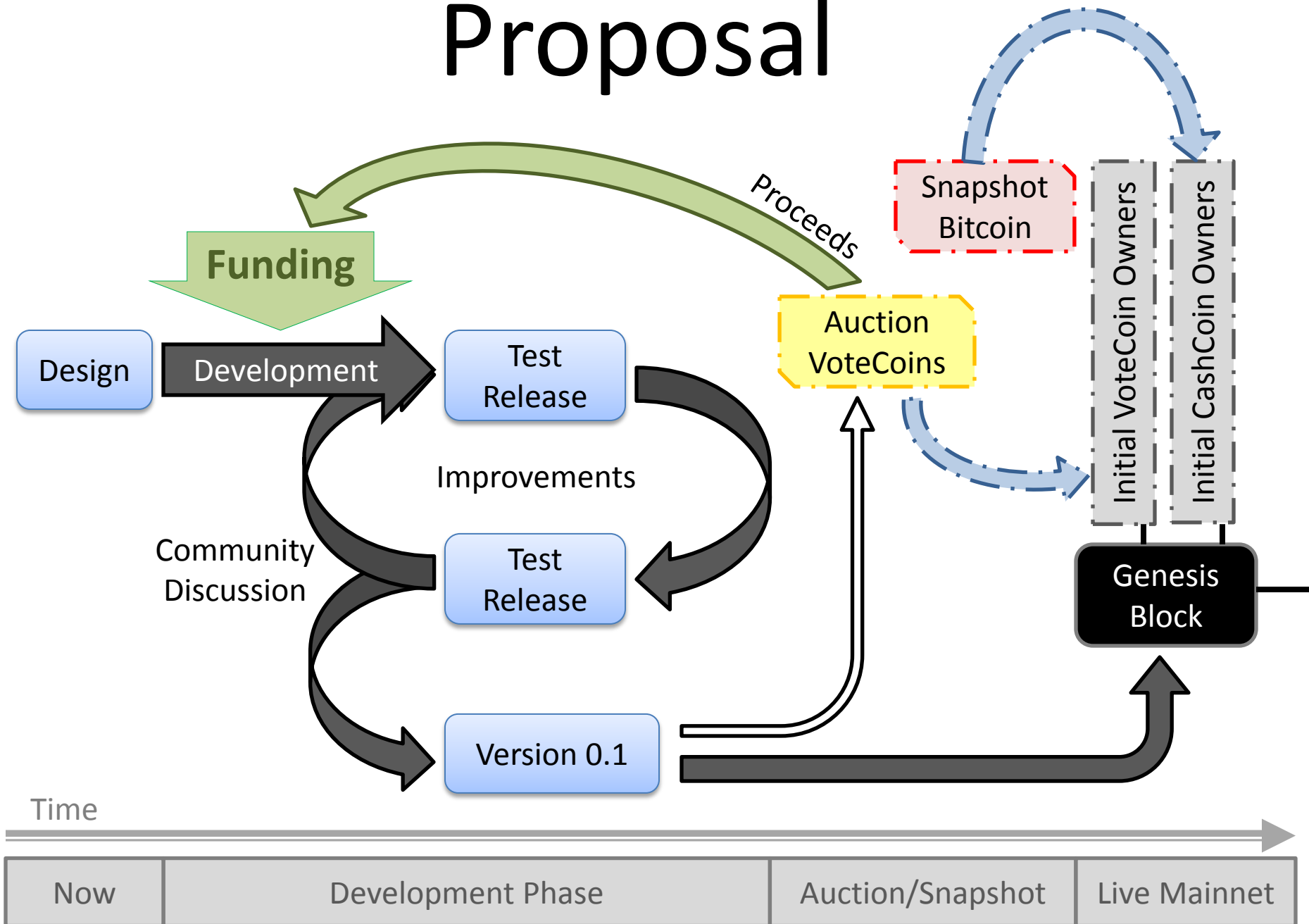
V1.0 – 8/30/2014

# 5 Slides

1. Proposal **Graphic**
2. Goals for Allocations
3. CashCoins – 100% Giveaway to Bitcoiners
4. VoteCoins – A Trickier Problem
5. Benefits of a “VTC Auction”

(4 of the 5 are ‘reading slides’ – sorry!)

# Proposal



# What are the goals?

1. Obtain **critical mass** of users.
2. **Allocate** VoteCoins efficiently (“usefully”).
  - Those who value this specific endeavor the most.
  - Those who can prove their interest in voting honestly.
3. At some point reliably **raise** an influx of \$\$.
4. Hardest: Initial allocations must be in **strategic equilibrium**.
  - Must be infeasible for others to implement a different allocation, (“Aethereum”).
  - However, individuals must have opportunities to make informed changes to their allocation.

# CashCoins - 1:1 for Bitcoins

- Give 100% of CashCoins away to Bitcoin users.
  - Clearly in **strategic equilibrium**.
- Pre-emptive (might happen anyway).
  - Only fair (grabs the best **network effect**).
  - Can design software to be backwards compatible with all existing Bitcoin hardware/software.
  - Doesn't "break" Bitcoin (mkt cap;  $0.5 + 0.5 = 1$ ).
- Future integration with sidechains/whatever.
- Super-marketing: provides **critical mass**.
- Differentiation: Truthcoin (improve tech) from ScamCoins ('obtain' coins, then cash out).

# VoteCoins

- Trickier Allocation Problem
  - VoteCoins essentially represent an investment, or **ongoing commitment**, vs. a store-of-value.
    - User misses votes: VTC are lost (no “option to switch later”).
    - New-VTC-owners who don’t care: can attack for free.
  - Design implies VTC are “100% premined”.
  - Cannot “give away” to arbitrary groups (founders):
    - Not in **strategic equilibrium** (other versions which differ only by the initial giveaway, “AltTruthCoins”).
    - Leaves no opportunity for the **raise** (as we would then be giving everything away).
  - VoteCoins also represent the **marginal benefits of Truthcoin** over Bitcoin. This implies that they should be directly related to the **raise**.
- Solution: Auction off the VTC for Bitcoin, just prior to official release.

# Benefits of a VTC Auction

1. **VoteCoins are allocated efficiently** (to those who value them the most) and usefully (to those who plan to use them to actually vote).
2. Skeptical users **can wait for actual software** before purchasing VTC at auction.
  1. Unlike other auction-allocations, with this post-development auction-scheme the **community can be reassured** that this is not a scam.
  2. Users can avoid purchasing VTC altogether, BTC and CashCoin can co-exist, users retain **free option to switch later** “if everyone else does”.
3. Higher quality product implies a higher yielding auction. (Incentive for high-quality product).