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Cooperative development with [BATA.io](https://bata.io) & [StratisPlatform](https://stratisplatform.com)

**Public Development Repository:**

<https://github.com/BiznatchEnterprises/ProfitSharePlatform>

**Abstract**

Profit Share Platform is a closed-source conceptual network used to self-regulate "crypto-markets", existing in early experimental stages of development.

**Profit Shares (Decentralized IPO)**

They can be considered a "controlled" alternative to exchange tokens. These will never become volatile digital assets and remain secured using cryptography.

They remain 100% backed at all times by a secondary blockchain asset, or liquid capital verified at a registered financial institution.

They're designed to create sustainable returns that will attract new capital from users of the Profit Share Platform. They provide variable rates of return (ROI) for a predetermined length or indefinite period of time. Other programming criteria can be attached and extend the functionality of each share, a dynamic asset.

They allow for small or large businesses to acquire new funding without losing controlling interest in their companies. Allowing for public or private venture capital opportunities to be secured by a decentralized blockchain for a low fee.

The use of certain P2P Profit Shares can be restricted to private members and individuals personally invited by them. Every deposit is considered to be a private transaction between the P2P Profit Share Issuer (Fund Manager) and its member. As a private transaction, they're not licensed and exempt from the US securities Act of 1933, The US Securities Act of 1934, and the US Investment Company Act of 1940 and all other rules, regulations and amendments thereof from the US or other countries. They're not SEC or FDIC insured, licensed or secured by any firm.

Use them at your own risk!

"Enlightenment is a destructive process. It has nothing to do with becoming better or being happier. Enlightenment is the crumbling away of untruth. It's seeing through the facade of pretense. It's the complete eradication of everything we imagine to be true." - Adyashanti

## **Initial Public Offering**

These consist of large teams of lawyers, certified public accountants, Securities and Exchange commission (SEC) experts and an underwriter. Compiling company information, financial performance reviews and future operations, delays and fees. Although, one would consider this to be very safe, they still remain very risky; subject to hostile takeover and usually exclude a large portion of businesses that could become successful but simply can't afford to meet the strict requirements.

## **Initial Coin Offering**

ICO has been used by many venture capitalists to quickly profit from crypto-currency startups. Typically this consists of crypto-coin developers pre-mining 100% of the supply and exclusively issuing the coins through a trusted exchange intermediary acting as an escrow intermediary for exchange of Bitcoins or other. Purchasing limited coins prior to being available for miners, or traders on exchanges; These offer a short-term profit margin attracting large capital investments. Unfortunately, very few initial investors actually support the project and just want to sell their coins immediately when they're allowed to do so.

This eventually causes the price to decline, as new investors fear failure and good ideas become stagnant in their own financial ruins: many projects perish. Millions of worthless coins become idle. Many revolutionary ideas never recover from the loss and usually end up having to sell their own coins to fund future development.

## **Crowdfunding**

Crowdfunding is a practical way for product and service developers to leverage public interest and attract financial support. By law, most of these public campaigns require strict guidelines to be followed. One for example: Entrepreneurs will need to rely on an exemption from the registration and prospectus requirements of most countries securities laws if they intend to issue securities through crowdfunding. Countless challenges arise within this industry.

## Coin-colouring

*"Colored coins are a class of methods for associating real world assets with addresses on the bitcoin network. Examples could be a deed for a house, stocks, bonds or futures.[1] The technology could also be used to track and register intellectual property assets" - Wikipedia*

Colored coins (Blockchain Tokens) are intended to be stored alongside transaction data within the blockchain database. Although this appears to be a good concept, some fail to recognize the technical benefits to increasing the size of an already bloated database. The same tasks could be accomplished with a secondary database/protocol linked by "hashing" their relative data.

Having a token not proportionally linked to a base crypto-coin, and independently traded... Will cause uncertain volatility between the two. What appears to be related in value, mathematically is not.

## Bitcoin has growing pains

"The Bitcoin Network is 11000x Faster than the Top 500 Supercomputers Combined"- Jason D. Rowley

That's quite an impressive accomplishment. Peer-computing is not new technology, although the level of cooperation among Bitcoin enthusiasts is revolutionary. Developers must diligently evaluate the use of these resources.

The Bitcoin blockchain database has grown to a massive 150+ GB, payment queues are increasing due network congestion, and now a growing self-awareness for the implications of failing to recognize key technical limitations; Is haunting the great crypto-coin we've grown accustom to.

Putting greater strain on the Bitcoin network for any project, should be considered carefully at this time. Abandon Bitcoin, of course not!. Keeping it as the "Elite" form of wealth preservation would be in the best interest of the crypto-industry. It will probably remain a speculative asset and base currency to be traded with fiat. Yes it would be cool if Bitcoins are accepted everywhere but, in reality however large the network is and grows to, most network, developers and outside experts agree is still has limitations. 10 minute block times, transaction queues, upgrade disputes, etc will cause major technical difficulties for real-world merchants.

Some have attempted to fill these gaps with very real alternative coins that could have potential uses that far outpace the growth Bitcoin holds. If a crypto-coin could be a store of value, quickly converted and transferred for low costs it will dominate the marketplace. Alternative coins hold a very unique opportunity:

## **Fiat vs. Gold vs Bitcoin**

"In a just released report from the CBO looking at the long-term US budget outlook, the budget office forecasts that both government debt and deficits are expected to soar in the coming 30 years, with debt/GDP expected to hit 150% by 2047 if the current government spending picture remains unchanged. The CBO's revision from the last, 2016 projection, shows a marked deterioration in both total debt and budget deficits, with the former increasing by 5% to 146%, while the latter rising by almost 1% from 8.8% of GDP to 9.6% by 2017....On the growth side, the CBO expects 2% or less GDP growth over the next three decades, far below the number proposed by the Trump administration....The CBO's troubling conclusion: Greater Chance of a Fiscal Crisis...The resulting losses for mutual funds, pension funds, insurance companies, banks, and other holders of government debt might be large enough to cause some financial institutions to fail, creating a fiscal crisis." - Zero Hedge

*"Because banks hold reserves in amounts that are less than the amounts of their deposit liabilities, and because the deposit liabilities are considered money in their own right, fractional-reserve banking permits the money supply to grow beyond the amount of the underlying base money originally created by the central bank." - Wikipedia*

Fiat currency is an unlimited form of liquidity. Each new dollar created will decrease the value of the one previously. Due to supply and demand economics alone. In order for any financial instrument to be considered "valuable" it must maintain unique rarity, while facilitating virtually instant transactions when used in real business activities.

## **Is Bitcoin "fools gold"?**

"I had to change my thought process to understand that bitcoin is no enemy of gold and silver," says monetary expert Andy Hoffman, who writes for the precious metals website Mises Franklin. "When bitcoin hit price parity with gold in 2013, I was angry. I knew nothing about it. I assumed it was like the Federal Reserve. That, instead of 21 million coins, there could be 21 trillion coins at someone's whim". Today, Mr. Hoffman regularly covers bitcoin and calls gold and the digital currency "natural allies."

Bitcoin is not gold, but it's not worthless at the same time. It's rare, takes an increasing amount of energy to produce gold and Bitcoin have finite supplies, and become increasingly more difficult to become available to market than fiat currency issued by Fractional Reserve Banking.

## **Real Money (and play money)**

"Real Money means a Currency, of which:

Some or all Monetary Liabilities denominated in it are suitable for general use as a medium of exchange;

- No Monetary Liabilities denominated in it can be construed as Broad Money of another Currency;
- The Base Money is suitable to be held by Financial Institutions as a reserve asset held against like-denominated Broad Money obligations such as bank deposits;
- The Base Money is:
  - Backed at all times by liquid assets held in readiness and in sufficient quantity as to assure its issuer's ability to buy back all that has been spent into circulation, or,
  - physically embodies that which gives it value."

- Douglas Jackson (2015.10.11)

## **A New Beginning: Peer to Peer Profit Shares**

A P2P Profit Share represents liquid capital currently invested, not currently in use for business activities or startup-costs. Users of the Platform can exchange their Profit Shares or withdrawn into their corresponding crypto-coins quickly.

Profit Share Platform is intended to self-regulate venture capital markets by creating a new method known as a Peer to Peer Profit Share. Issued by reputable businesses or entrepreneurs, transferred on a decentralized network, publicly visible and transparent or private with 100% liquidity. These low-risk digital assets will be available for accredited investors, or private associates, fully aware of the risks involved and exemption rules or their countries securities laws. Public Shares upon approval from regulating agencies and governments could become licensed.

Building a small scale network before launch-phase will help address some key issues without the technical difficulties of large peer to peer networks, it can be considered a small-scale closed network developed by a small team.

## **Unique peer to peer network protocol**

Web-nodes (master-nodes) will comprise the majority of the network nodes. These primary sources for data synchronization will be implemented where bandwidth limitations are not a concern for network growth. Using open-sourced languages such as PHP, HTML, CSS, Javascript, .NET Core, we're creating a fully standards compliant, OS independent application Platform Framework. Network accounts can be created securely by any user through any node location with a password that generates an encryption key. As the user accesses their account a secure key is used to decrypt the data from the public blockchain database, if this key remains a secret: so does their private data. Mobile Apps can be created and integrated with existing web-nodes via API to provide flexible usability, and enhancing security if required. Minimizing large amounts of resources required by client software applications by downloading the entire platform database.

Console (headless daemon) & Desktop (Graphical User Interface) mini-nodes will also be created, these will become secondary sources for synchronization, They will provide an independent method for network contingency. Limited web-nodes failing quick synchronization to other parts of the network for various technical or political reasons will be independently synchronized by these secondary nodes. Not only will these 2<sup>nd</sup> level nodes communicate with 1<sup>st</sup> level web-nodes, they could also communicate with each other and create a secondary layer to the mainstream network. Data corruption or malicious alterations to the database can then be mitigated quickly if the majority of web-nodes are compromised or outnumbered during a cyber-attack; For example targeted DDoS flooding.

Rogue database entries can flood the networks and hinder data-transmissions, filtering algorithms in the nodes will be implemented to deter these attempts. A decentralized multi-layered node-protocol will assist performance and security.

## **Profitable Node Operators**

A web-based node (master) can be implemented by anyone with a web-server and very little technical knowledge. An opportunity to charge small fees in various forms and allow users to select what works best for them. Pay-per-transaction is an obvious choice, but an additional one will be implemented with daily/weekly/monthly fixed rates selected by node operators. Mini-nodes can connect via API to master-nodes and submit their payment verification to earn a percentage of an allocated pool collected by fees decided by the administrator.

A 3-tier referral system will be implemented into master-nodes, users accessing the network through these “gateway-wallets” can earn transaction fees from their friends, and even random people who join without a referral link!

## **Crypto-currency Integration**

Some improvements can be addressed to crypto-currencies prior to or after full integration into the Profit Share Platform, including:

- Improving transaction processing speeds or minimizing queues.
- Improving compression ratios of block-chain databases.
- Implementing “Account Reputations” that are publicly visible and defined by the network users through voting and ratings/reviews.
- Developing headless daemons limited to block explorer operations.
- Increasing privacy for users, but allowing for limited external oversight.
- Increasing mining efficiency and using renewable zero-emission energy.
- Embedding multi Web-Node access directly in crypto-wallets.

## **Reputable Accounts**

Creating a separate database with all Profit Share Platform accounts, nodes, and crypto-coin addresses will have associated reputations submitted by network peers or nodes. This will create a simple tool for most users to perform their own basic due diligence. Empowering users of the network will strengthen the integrity of it. Permanent votes that can't be altered later in time, will serve as a reminder to merchants, customers, and node operators that their reputation will determine their long-term success on the platform. Known malicious users can be banned by users or nodes at their own discretion or in cooperation, preventing further abuse. Fraud can be minimized with self-regulation.

## **Risk Mitigation**

Mitigating investment risks can be very challenging. Due diligence should always be the first option of defense. Our account reputation protocol integration and finally: external oversight; Will help ensure users can protect themselves from potential fraud. Yes it will exist, but it can also be mitigated dynamically.

Although each share is 100% backed at all times, with a verified asset (digital or non-digital) the secondary price risks of that asset will always remain a concern. It's highly recommend to use multiple crypto-currencies when creating or purchasing shares, this can diversify liabilities beyond the Profit Share Platform itself or its users and Fund Issuers. It can become a safe way to hedge risks of market volatility.

## **Public & Private Shares**

All shares on the network will be publicly visible along with essential information, transparency will allow for investor and government oversight when required. Alternatively, implementing the ability to "hide" shares from everyone without a decryption key will also be added, but users must understand that no-oversight will be possible and they must exercise extreme caution at all times.

## **Transaction Verification**

The ability to "steal" shares from other users on the network is virtually impossible, each smart-contract token (Profit Share) is backed by third-party commodities or assets and signed using strong encryption. New shares can't be created from nothing and passed along the network nodes as valid without verification by a fixed number of randomized nodes; using existing block-chain explorer services or external crypto-currency wallets via API to "link" block-chain assets to shares in p2p-databases. By chaining verifications efficiently in the database, resources can be minimized and processing times enhanced.

## **Valuations**

Profit Shares will not be valued by conventional means. Their value is equal to the quantity of commodities backing each share. Liquid capital assets will only be considered as the true-value and must be verified by multiple third-parties such as nodes or auditing firms. Issuing Profit Shares will be simple for small and large businesses or institutions, non-profits, governments or individuals. Raising capital



for business activities should be the primary use of the Platform with the full intention of sharing future earned profits. This is not a get rich quick scheme!

When the Issuer requires liquid capital all exiting shares will decrease in value as funds allocated are removed. As time passes: The Issuer earns profits on the capital previously used, re-pays in full, plus extra... The share price will increase. At all times 100% of the share value is backed by liquid capital on a third-party block-chain or in a banking institution. A 1:1 exchange is possible at all times.

*Price per Share = Market Cap / P2P Profit Shares In Circulation*  
*Market Cap: Total Liquid Funds (Bitcoin Address, Bank Account, Paypal)*

Block-chain Explorer API's will be used for market capitalization (balance) inquiry. Instant 100% accurate balance verification through independent third-party services. Methods for Banks/Paypal accounts are yet to be determined.

*"Price is what you pay. Value is what you get." - Warren Buffett*

## **Trading & Withdrawing P2P Profit Shares**

Users on the network will have the ability to sell their Profit Shares on the public peer to peer marketplace. This is where supply and demand of the shares listed will affect the overall prices of the shares listed. This value will not affect the actual share value ("true value") outside the P2P Market. Those who do not wish to be involved in active trading of their shares, will never lose or gain money from the volume of trades: bid or ask prices by the marketplace traders. Instant transfer of ownership can be accomplished securely – automatically verified by nodes on the network. This will allow for speculative investing, with added protection. If a user does not wish to sell their shares to other peers on the network and would like to remove their funds from the Profit Share Contract they can do so at any time they wish for the full market value, minus a small fee. In doing so, any shares that are withdrawn will have zero effect on market prices.

## **Real-use example**

Representing each profit share project on the Profit Share Platform by the cryptocurrency (ETH) accepted and unique ID as a (share class).

- Peter wants to raise capital so the BATA admin doesn't die. He sets up a Profit Share Fund (ETH address) in a cold/hot wallet.

- Peter inputs (max shares, expiry, hold period) for the share and that's saved into a database but it's not active.

- Peter needs to set the price per share for it to become active, He creates a buy order using a variable amount of his choice and sets up share that is written to the transaction database that's also not yet active.
- Peter is then presented with the Fund ETH address and the final amount (share price + if there is any fees).
- Peter makes the payment to the Fund ETH address and then inputs the transaction id (txid) this is then written to the transaction database.

### Time passes...

- The Profit Share Platform internally queries the ETH blockchain explorer and verifies transaction of x amount for y shares was successful. Creates a hash value. Peter's account will reflect this change in the database and credit him ownership.
- Joe wants to purchase profit shares. By following the purchase process that Peter did he then owns 10 P2P Profit Shares.
- Bob wants to purchase profit shares too. By following the purchase process that Peter did he then owns 300 P2P Profit Shares.
- Peter needs to pay his employees. He notices that 310 shares was a substantial capital amount in ETH and considers the implications if he takes 10% of the entire balance at the Fund ETH address. With approval or not from share-holders Peter can make this decision and withdraw funds from the ETH address. The price per share decreases automatically by 10%. Business operations continue and shareholders are not overly concerned.
- Sally wants to purchase a Profit Share. By following the purchase process that Peter did she then too owns 3 shares. The price per share does not increase but the overall balance in Fund ETH address does.
- Peter took everyone on vacation and no work got done, the company failed. the end. Actually not really, the company made 500% their projected earnings. 300% was given back other share holders by depositing into the Fund ETH address, this increases the price per share ( $\text{price per share} = \frac{\text{total ETH balance}}{\text{total active shares}}$ ).
- Joe wants to buy a new house, he then asks Peter for a withdrawal (total of his shares minus a small fee if there is one) and Peter makes the transaction. This does not affect the price per share and is recorded in the share ownership database as being "removed, inactive, or burned".

- It is in Peter's best interest to share as much profits with the share-holders as possible to maintain their faith in his business operations and provide him with enough funding for future projects if required without severely affecting the price.

## **Pre-launch - BATA.io - StratisPlatform (Venture Capital Opportunity)**

Implementing a web-based interface directly into BATA.io, a decentralized venture capital IPO could be available to anyone wanting to contribute to the long-term growth of the project. This option for funding is currently under consideration in partnership with StratisPlatform and their Enterprise blockchain solution nStratis.

Investors are invited to support us in our pre-launch by investing into a very limited supply of proprietary profit shares, these Profit Shares will never expire and will be automatically transferred to the peer to peer network upon official launch. Sell them at anytime for a profit on the internal P2P Marketplace! More information will be released in the near future.

## **The Pre-Launch (test-network)**

Early investors will have the opportunity to share our collected fees and long-term profits, by purchasing non-expiring pre-launch profit shares. Ownership can be transferred to other users on the peer to peer network, instantly for a variable profit! Entrepreneurs will have the ability to issue their own profit shares for venture capital projects. Early exposure for all Issuers will provide a true-marketplace test-network. By limiting nodes, technical issues can be addressed.

## **The Official Launch (main-network)**

January 1<sup>st</sup>, 2018 is our loosely scheduled official launch. An official platform release will be developed and integrated into the existing test-network. Limited nodes will be established during a brief transition period from the test-network phase. Once verified to meet all security and technical requirements for growth; the official source code will be released and anyone with a web-server can setup their own profitable web-node. Developers will be invited to implement their own coins into the platform through our GitHub repository or extend the protocol itself.

New crypto-currencies can be implemented by inspired developers and node operators, custom node/clients versions can be created by establishing protocol standards with the cooperation of other developers. A foundation will be used to improve the network framework, community and open-source developments. Integration with other platforms or projects wanting to raise venture capital will be welcomed, cooperation among our competition will be embraced. We're in this together, this won't be an easy task to accomplish.

## **Future Improvements**

Nodes can be created using other programming languages to provide compatibility for an extensive range of operating systems and environments. Allowing for innovation built directly into the protocol, and new advancements will be embraced with caution. Exchange Platforms, Wallet developers are welcomed to connect the Profit Shares dynamic side-chain to their projects.

### **Future – Share-holder votes influence negative price fluctuations**

Prior to the fund manager removing capital assets; they can be required to ask upon all share holders to agree on this action. By requiring Profit Share issuers to justify to their share holders why the share price will decrease in the near future can prevent unexpected market shocks and allow for community involvement.

### **Future - Programmable profit shares & Smart-Contracts**

Easy to use “programmable” dynamic profit shares can be implemented in the future to automatically process dividend payments, dynamic crowdfunding, futures, escrow, loans, and other smart-contract options. These automated features will be processed through premium master nodes that connect via API to corresponding crypto-currency web-wallets or secure servers.

### **Future – owner-less crypto-wallets controlled by multiple nodes**

A concept is that might be developed for using specialized nodes that are randomly selected to cooperate in full control of a third-party Bitcoin or Crypto-currency accounts. Processing payments automatically such as dividend, withdrawals or releasing funds to the Profit Share Manager in a secure per-determined rate.

In theory: this can provide a contingency plan for all funds held in Profit Shares or Smart-Contracts in the event of natural disasters, economic, political or criminal issues. Profit Share Managers will be able to opt-out of full control of funds and let the network process everything for them, indefinitely automatically.

### **Have any new ideas or want to help fund or contribute to developments?**

We welcome testers, investors, developers, regulating agencies, governments, banks and anyone wanting to join our development team. We need your help!

Contact: [justinpercy@protonmail.com](mailto:justinpercy@protonmail.com)

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