

Concept Proposal

# DAuto : Tokenizing Classic Car Ownership

*“ Classics for the 99% ”*

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# Executive Summary

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*This whitepaper presents CarShare Version 1.0, a tokenized fractional ownership model for classic cars. As an initial framework, it will be refined with ongoing updates to reflect project development and market feedback. For the latest version, consult the GitHub repository: <https://github.com/CharlesVannelli/DAuto>.*

DAuto is a platform that transforms classic and exotic vehicles into globally accessible, tokenized investment assets. By leveraging blockchain technology, legal structuring, and decentralized finance infrastructure, DAuto enables fractional ownership of collectible cars—an asset class historically reserved for the ultra-wealthy—through a secure, compliant, and transparent model.

The global classic car market, currently valued at nearly \$40 billion USD, has outperformed most luxury asset classes over the past decade. Yet access remains limited due to high capital requirements, substantial ownership friction costs, and extreme illiquidity. At the same time, the tokenization of real-world assets (RWAs) has emerged as one of the fastest-growing trends in blockchain, with the RWA sector expanding 75-fold since 2021. DAuto sits at the intersection of these two dynamics, offering a solution that makes automotive investing more liquid, accessible, and efficient.

At the core of the platform is a dual-token structure: each vehicle is represented by a notarized ERC-721 “master title” NFT, which is then fractionalized into 100 million ERC-20 tokens representing individual ownership shares. These tokens are launched through Dutch Auctions to enable fair price discovery, then traded on decentralized exchanges via liquidity pools. Token holders benefit from real-time price tracking, transparent documentation, and legal enforceability of their ownership claims.

DAuto is structured around two legal entities: the DAuto Foundation, which governs platform development, and the DAuto Trust, which holds legal title to each vehicle and ensures compliance and custodial oversight. KYC/AML measures are enforced during onboarding, and a phased roadmap leads to full community governance via a DAO.

The platform's first vehicle—a 1975 Corvette Stingray—will serve as the minimum viable product, showcasing the tokenization model and platform functionality in a live market environment. As the venture scales, DAuto will expand its inventory, introduce diversified revenue streams, and ultimately transition into a decentralized, community-led automotive investment ecosystem.

DAuto's mission is simple but transformative: “Classics for the 99%.” By converting passion into participation, and ownership into opportunity, DAuto is building the future of automotive collecting—on-chain.

# Market Opportunity

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## The Classic Car Market

The classic car market has long captivated collectors, investors, and automotive enthusiasts. For some, it's the passion for timeless engineering and craftsmanship; for others, it's the scarcity, tangibility, and non-fungibility of these vehicles that drive investment interest.

As of 2024, the global classic car market is estimated at \$39.7 billion USD, with approximately \$17.77 billion of that value located in North America alone. Over the past decade, classic cars have appreciated by 185%, significantly outperforming other luxury asset classes such as art (91%), watches (147%), and wine (152%)—ranking second only to rare whisky bottles (373%) in overall returns (*Knight Frank Wealth Report, 2023*).

Despite strong historical performance and a growing interest in real-world asset investing, the classic car market remains largely inaccessible to most investors. This is characterized by three key structural challenges:

### 1. High Financial Barriers to Entry

Acquiring collectible vehicles often requires a substantial upfront investment, with prices ranging from five to seven figures, depending on make, model, year, provenance, and condition. This creates a steep entry barrier, confining the market primarily to ultra-high-net-worth individuals. While further market research will be conducted by DAuto prior to launch, it is conservatively estimated that upwards of 90% of prospective enthusiasts and investors are priced out solely due to the high capital requirement.

### 2. High Friction Costs

For those who can afford acquisition, the costs of owning and maintaining collectible cars are another significant deterrent. Ongoing expenses such as insurance, secure storage, maintenance, transportation, and registration fees materially reduce the effective return on investment. These friction costs also introduce logistical complexity that discourages both casual collectors and financially driven investors alike.

### 3. Low Liquidity

Classic cars are inherently illiquid assets. Transactions are infrequent, buyers are often highly selective, and the market lacks centralized platforms for seamless resale. Investors typically need

to seek out cross-border buyers, adding complexity, time, and cost. This lack of transactional efficiency poses significant challenges for prospective investors.

However, liquidity theory suggests that increasing an asset's liquidity can enhance its market value. Empirical studies have shown that illiquid assets often trade at significant discounts compared to their liquid counterparts. For instance, restricted stock studies have indicated average discounts ranging from 26% to 40% due to lack of marketability (*Business Valuation Resources*).

By introducing mechanisms that enhance liquidity, such as fractional ownership and secondary markets, it may be possible to reduce these discounts. This increased liquidity can make classic cars more attractive to a broader range of investors, potentially leading to more accurate valuations, increased price visibility and more dynamic market activity.

## The Crypto RWA Market

As of January 14th, 2025, the total global market value of tokenized Real-World Assets (RWAs)—excluding stablecoins—stood at approximately \$15.7 billion USD, up from just \$206 million in January 2021. This represents a remarkable 7,500% increase and an annualized compound growth rate of 195.37% over four years (*rwa.xyz*). This explosive momentum is not expected to slow. In fact, the median forecast among analysts projects a 50-fold expansion of the RWA tokenization sector by 2030, underlying its long-term potential.

Secondly, institutional engagement with tokenized RWAs—as well as with digital assets more broadly—has accelerated significantly. Leading financial institutions such as BlackRock, CI Financial, and J.P. Morgan have launched tokenization pilots, signaling growing confidence in blockchain infrastructure and its long-term strategic potential (*CoinTelegraph*). As financial engineering becomes increasingly sophisticated, these institutions are recognizing the new market structures and efficiencies that tokenized assets can provide.

Lastly, the global regulatory landscape around digital asset tokenization is maturing, particularly in regions such as the United States, Europe, and Southeast Asia (*rwa.xyz*). Regulatory pushes for clarity in decentralized finance have helped legitimize RWAs in the eyes of traditional finance, while also attracting developers and innovators to the space in record numbers. The legal profession has evolved in parallel—an indicator of the industry's accelerating maturity. A recent study by Chambers and Partners noted a 26% year-over-year increase (2023–2024) in the number of lawyers specializing in blockchain and digital asset law, nearly doubling since 2021. This growth reflects the increasing complexity—and legitimacy—of the tokenized asset class within both regulatory and legal frameworks.

## Target Audience

Considering the dynamics outlined above, structuring DAuto as a tokenization venture is a natural fit—leveraging blockchain's unique advantages with the growing appeal of real-world asset (RWA) investment. As onboarding into the crypto ecosystem becomes more seamless and socially normalized,

tokenized RWAs are poised to emerge as a mainstream asset class—integrated alongside equities, bonds, and ETFs in modern portfolios. This positioning allows DAuto’s tokens to resonate with three distinct audiences: classic car enthusiasts, crypto-native investors and traditional equity investors.

For car enthusiasts, DAuto provides a unique opportunity to access a historically exclusive asset class—without the financial and logistical burdens of full ownership. By introducing a liquid, fractional ownership model, the platform empowers individuals to build the car collections they’ve long dreamed of, now in a digitally accessible format. This group forms DAuto’s primary target audience.

For crypto-native investors, DAuto introduces a novel, tangible asset that complements digital-native portfolios. By merging scarcity, provenance, and price appreciation potential with blockchain infrastructure, DAuto fills a unique niche at the intersection of Web3 and real-world assets. This represents DAuto’s secondary target audience.

For equity asset managers and investors, DAuto represents a compelling opportunity for portfolio diversification. The search for uncorrelated assets has become increasingly urgent in recent years, as traditional markets have grown more interconnected and concentrated. In its October 2024 Global Financial Stability Report, the International Monetary Fund (IMF) warned that the rising prevalence of open-end investment vehicles—such as mutual funds and ETFs, with global AUM nearing \$3 trillion—has amplified market volatility and systemic risk. Another contributing factor is the growing concentration of individual securities within major indexes, further limiting diversification options. In response, both institutional and retail investors are pivoting toward alternatives. By 2024, alternative ETF assets hit \$400 billion, a 93% year-over-year increase (*Cerulli Associates*), signaling growing appetite for innovative investment products. DAuto is well-positioned to meet this demand—offering exposure to a tangible, historically resilient asset class, delivered through a liquid token and blockchain-native structure. This is DAuto’s tertiary target audience.

# The DAuto Platform

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## Overview

DAuto was built to solve the three greatest barriers in the collectible car market: high financial barriers to entry, significant friction costs, and a lack of liquidity. By introducing asset tokenization to this traditionally exclusive asset class, DAuto bridges the gap between classic cars and accessible, tradable investment opportunities. At its core, DAuto is a platform that acquires investment-grade classic vehicles and brings their ownership on-chain through asset tokenization. Each car is individually represented by a fixed supply of 100 million tokens, with each token reflecting fractional ownership of the underlying asset. Once a predefined portion of the initial offering is sold, tokens become tradable on the secondary market. Investors can freely buy, sell, and track historical price data for each vehicle's token. To ensure liquidity and a seamless user experience, DAuto will establish liquidity pools for each token on Uniswap, avoiding traditional order book constraints and enabling continuous, decentralized trading. The tokenization process can be broadly outlined in three main stages, depicted in *Figure 1*:

### 1. Vehicle Sourcing

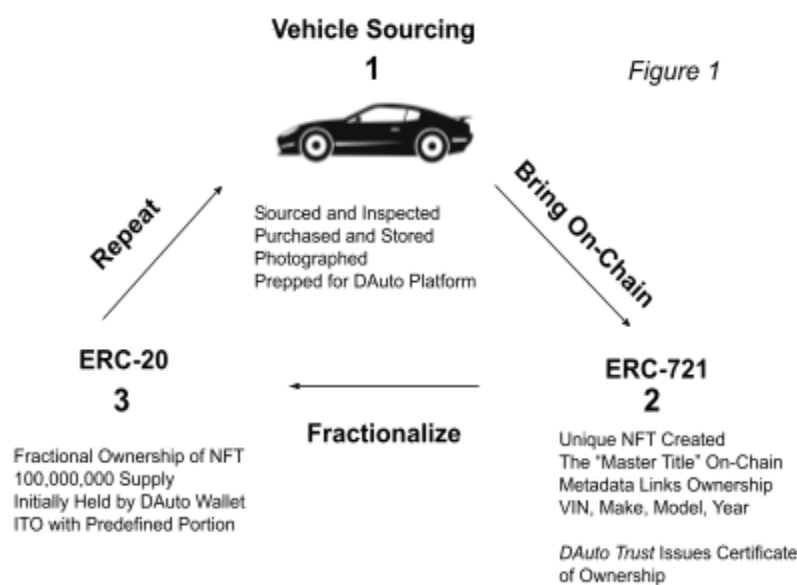
Firstly, DAuto begins by sourcing vehicles it believes will generate the greatest public interest. Through a rigorous selection process, vehicles are evaluated based on criteria such as rarity, condition, historical significance, and market desirability. Only investment-grade vehicles—those requiring minimal to no restoration—are considered for acquisition. Once a vehicle is purchased, it is transported via enclosed trailer to DAuto's storage facility. There, it is stored in a heated, secure, and continuously monitored warehouse. Routine maintenance is conducted according to a strict, publicly disclosed maintenance schedule. This includes tire rotations, engine startups, battery management, paint preservation and fluid changes to ensure the vehicle remains in pristine condition. Comprehensive insurance—primarily covering fire and theft—is obtained, with policies often bundled through providers like Hagerty to reduce overall costs across the entire fleet. Finally, the vehicle is registered with the appropriate local authority to complete the acquisition process. It is then professionally photographed and thoroughly documented in preparation for its listing on the DAuto platform.

### 2. ERC-721 Minting

Once the vehicle is acquired and prepared, a unique ERC-721 token (NFT) is minted and deployed on the Ethereum Mainnet, serving as the on-chain representation of ownership. The NFT's metadata includes key vehicle specifications—such as the VIN, make, model, and year—creating a verifiable digital link to the physical asset. To ensure legal validity and proper transfer of ownership, the process is conducted under the oversight of a notary, who also issues a Certificate of Ownership tied to the NFT (discussed further in *Legal Structure*). Upon completion, this ERC-721 token functions as the vehicle's "master title" on-chain, establishing a secure and transparent ownership record and paving the way for the next phase of tokenization.

### 3. ERC-20 Creation

Once the vehicle's ERC-721 token is notarized and approved for regulatory compliance as a valid ownership record, a corresponding ERC-20 token is minted to represent fractional ownership of that NFT. In effect, this process tokenizes the NFT—already a legal claim to the vehicle—and thereby fractionalizes ownership of the physical asset itself. Each vehicle is assigned a unique ERC-20 token, titled with a symbol referencing its make or model for easy identification. Every token has a fixed supply of 100 million units, reducing the entry cost to just a few dollars and simplifying the calculation of each vehicle's total market value. By standardizing the token supply across all vehicles in DAuto's inventory, the platform eliminates confusion around varying share counts and ensures pricing remains clear and consistent for all investors.



#### **When investors purchase an ERC-20 token, they own:**

- ✓ A fractional interest in the corresponding ERC-721 token
- ✓ Contractual rights under a legal trust agreement
- ✓ Exposure to the underlying vehicle's market value

### Transaction Fees & Revenue Sources

To support ongoing development, operations, salaries, and marketing efforts, the DAuto Foundation will generate revenue from two primary sources. First, all ERC-20 tokens are programmed with a 2.5% transaction fee, which is automatically redirected to the Foundation's treasury wallet. These tokens are integrated into decentralized exchange (DEX) liquidity pools to facilitate trading and ensure continuous fee generation. The treasury wallet is publicly viewable, ensuring full transparency and accountability to the DAuto community.



Second, initial token offerings (ITOs) will follow a Dutch Auction model, with prices starting at 15% above the vehicle's acquisition cost and gradually decreasing with time. The difference between the purchase price and the final token sale proceeds (the spread) will be retained by the Foundation to fund platform growth and sustainability.

The DAuto Foundation team will also actively work on securing future revenue streams as well from the vehicles without impacting the condition, safety or value of the vehicles. These include, but are not limited to, sponsored content deals, media partnerships, event bookings, and photoshoots.

A detailed financial model, including forecasts for platform revenue, growth and operating costs, is currently under development and will be released in a future update of this whitepaper.

## Minimum Viable Product (MVP)

To bring the venture to market efficiently, the founders of DAuto believe that launching a minimum viable product (MVP) is essential to demonstrate proof of concept. This MVP is intended to be low-cost, highlight the platform's token structure, and deliver a satisfactory user experience.

To initiate this process, DAuto's founder, Charles Vannelli, acquired a 1975 Corvette Stingray, which will serve as the platform's first tokenized classic car. As of the latest update to this document, the vehicle had nearly completed the initial stage of the tokenization process—purchase and storage preparation—while development of the ERC-721 and ERC-20 token contracts, as well as their fee structure, was underway. This vehicle will also serve as a live case study for future vehicles, and its progress will be shared with the community.

In parallel, DAuto's legal framework is being structured into two separate entities, as detailed in the following section.

## Legal Structure

DAuto will be structured as two separate legal entities: *DAuto Foundation* and *DAuto Trust*.

### DAuto Foundation

The *DAuto Foundation* is a foundation entity established in a crypto-friendly jurisdiction, such as Switzerland, the Cayman Islands, or Liechtenstein. It governs the DAuto platform, including its smart contracts, brand, and overall strategic direction. The Foundation oversees key functions such as platform development, vehicle sourcing, token issuance, and the evolution of DAO governance (*see Roadmap*). The Foundation also serves as the recipient of platform transaction fees. A 2.5% fee is applied to each transaction, with the amount clearly displayed to users prior to confirmation. These fees are automatically routed to the Foundation's treasury wallet, which is publicly viewable to promote transparency within the community. Funds collected through transaction fees and token sales are managed by the Foundation and allocated toward future vehicle acquisitions, operational expenses, platform enhancements, and marketing initiatives.

## DAuto Trust

The DAuto Trust is a legal trust established in Canada that serves as the custodian and legal bridge between the physical vehicles and their on-chain token representations. It holds legal title to the vehicles and manages all aspects of their physical ownership and custody, both before and after the DAO-governance model implementation. The Trust ensures that each ERC-721 token functions as a binding representation of beneficial ownership in the corresponding vehicle. It operates under formal legal agreements that obligate the trustee to uphold the contractual rights of token holders, who are recognized as the beneficiaries. In forming this legal structure, DAuto works closely with notaries, insurers, and relevant regulatory authorities to ensure the tokenization process is fully compliant, transparent, and legally enforceable.

## Business Positioning

DAuto's core mission is simple: *Classics for the 99%*. It seeks to democratize access to a market that has historically been reserved for a wealthy few. Unlocking this opportunity for the broader public starts with one critical foundation: trust. DAuto aspires to become the most trusted and respected issuer of real-world asset (RWA) tokens in the collectible car space. To achieve this, it will differentiate itself by prioritizing radical transparency—across legal structure, vehicle documentation, token mechanics, and treasury operations. As the platform matures, DAO governance will be introduced gradually, beginning with non-binding proposals and community votes before expanding to treasury or asset decisions (*see Roadmap*).

By fostering a community of passionate enthusiasts—both automotive and financial—DAuto seeks to position itself as the go-to gateway for gaining exposure to collectible vehicles, attracting enthusiasts, investors and institutions alike through its high degree of trust and transparency.

## Transparency

Operating in the crypto space, where trust is often compromised, DAuto recognizes that transparency and investor confidence are critical to the platform's success. To build and maintain this trust, it is essential that investors clearly understand that the vehicles are professionally maintained and that the tokens they purchase represent legally binding ownership interests in the underlying assets, with no ambiguity. To reinforce this transparency, DAuto will implement a range of trust-building measures, while remaining open to ongoing community feedback and suggestions.

To start, each vehicle will undergo a standardized documentation process that includes key details such as: year, make, model, VIN, mileage, production count, manufacturing location, engine type, transmission, and a condition score based on a standardized point-based model. When available, additional performance data—such as horsepower, torque, weight, and top speed—will also be included. Comprehensive condition reports will be published, covering any major repairs, restorations, modifications, or paint corrections the vehicle has undergone. Finally, each vehicle will feature a custom-written description by the DAuto team, highlighting its history, specifications, condition, and any other relevant context to provide investors with a complete and transparent overview.

Secondly, quarterly maintenance reports—conducted by the DAuto founders—and third-party vehicle appraisals, performed on a semi-annual basis, will be made available to tokenholders and interested investors. These updates can be delivered via email through subscription on each vehicle’s dedicated webpage.

Third, DAuto will host monthly community engagement events with the founders, including live calls, Q&A sessions, and Twitter Spaces. During these events, the team will look to take feedback and suggestions from the community, and use that information for further improvements. Looking ahead, a dedicated YouTube channel will be launched to showcase the DAuto inventory, featuring vehicle introductions, in-depth overviews, and highlighting how viewers can participate in ownership.

Lastly, to help prove that each token represents legal ownership of the vehicle, DAuto will make all legal documents publicly verifiable via linked PDFs directly into the token metadata. These include, but are not limited to, notarized declarations of the ERC-721 token as a legal claim to the vehicle, the trust deed tying the vehicle to token holders, insurance policy summaries and registration documents (with sensitive information redacted). Smart contract vaults will also be used to show that the ERC-721 tokens are locked and cannot be moved, with the wallet address of the vault made public. To demonstrate alignment with investors, DAuto will retain at least 15% of the token supply for each vehicle, reinforcing long-term commitment to its own offerings.

# Compliance

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## KYC/AML Procedures

Compliance is foundational to DAuto’s long-term success and legitimacy in bridging traditional assets with blockchain-based ownership. As a platform facilitating the tokenization of real-world assets (RWAs), DAuto is committed to full legal and regulatory alignment—balancing innovation with accountability.

To comply with international financial regulations and prevent illicit activity, Know Your Customer (KYC) and Anti-Money Laundering (AML) checks will be enforced for all users participating in Initial Token Offerings (ITOs) or engaging in significant platform activity. These compliance measures will be administered via the DAuto Trust, which serves as the legal custodian for the physical vehicles and the ERC-721 tokens representing them.

KYC/AML verification will be conducted through a third-party compliance provider integrated into the platform onboarding process. Users will be required to complete identity verification before gaining access to primary offerings or tokenized assets, with tiered thresholds based on volume and jurisdiction.

By incorporating KYC/AML screening, DAuto ensures legal integrity while increasing its ability to partner with institutional investors and comply with securities regulators in multiple jurisdictions.

The platform is taking steps to avoid classification of these tokens as unregistered securities by ensuring:

- Legal documentation clearly defines rights and limitations.
- Tokens are tied to specific assets (not revenue pools or profit expectations).
- KYC is enforced for access to primary sales.

Legal counsel is retained to ensure ongoing compliance with relevant securities, tax, and consumer protection laws in each active jurisdiction. All legal agreements, including the Token Holder Agreement, Trust Deed, and Certificate of Ownership, will be made publicly viewable and embedded into each token’s metadata.

## Decentralized Autonomous Organization (DAO) Implications

Once DAuto transitions to a DAO (Decentralized Autonomous Organization) governance model, the platform’s regulatory obligations and compliance strategy will evolve accordingly. With operational control and decision-making increasingly transferred to token holders, the nature of DAuto’s activities may shift in the eyes of regulators—particularly concerning the legal classification of its tokens.

At this stage, one of the primary compliance objectives will be to ensure that DAuto’s ERC-20 tokens are not classified as securities under applicable laws. In jurisdictions like the United States, this involves

evaluating the token against the criteria of the *Howey Test*, a legal framework used to determine whether an asset constitutes an investment contract.

To avoid being deemed a security, DAuto must demonstrate that:

1. Token holders do not rely solely on the efforts of a centralized managerial body for profits,
2. Ownership represents fractional interest in a tangible, non-fungible asset (i.e., a specific vehicle), rather than pooled profits or platform revenue,
3. The token's value is derived from market-based price discovery rather than speculative returns or promises of profit from platform growth,
4. Sufficient decentralization exists within the governance process to eliminate managerial reliance.

To support this compliance pathway, DAuto will collaborate with legal counsel to implement a decentralized governance framework in which token holders play an active role in key decisions—including vehicle acquisitions, protocol upgrades, and treasury allocations. To ensure transparency and informed participation, the platform will provide educational resources and publish clear, accessible legal agreements outlining the rights and responsibilities of token holders.

In parallel, DAuto's marketing strategy will emphasize the collectibility and cultural value of classic cars, rather than promoting expectations of profit from platform growth or vehicle appreciation. By distributing decision-making power and avoiding centralized managerial control over the platform, DAuto strengthens its position that token holders are not reliant on the efforts of a single entity—helping to satisfy the decentralization criteria required to avoid classification as a security.

This proactive approach aims to strike a balance between decentralization, innovation, and regulatory alignment—laying the groundwork for a sustainable and legally sound DAO structure.

# Tokenomics

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## Overview & Token Purpose

DAuto's token system exists to unlock fractional ownership of collectible vehicles through blockchain technology. Each vehicle is represented by its own ERC-20 token, allowing investors to gain exposure to rare automotive assets without the need for full ownership. These tokens serve as on-chain representations of legal ownership claims, and over time, may also be used for governance participation, platform access, and community-driven decision-making—firmly integrating them into the broader DAuto ecosystem.

## Token Types & Standards

DAuto uses a dual-token model built on the Ethereum blockchain, leveraging the widely adopted ERC-721 and ERC-20 standards to represent vehicle ownership and its fractionalization. Each vehicle is first minted as a unique ERC-721 non-fungible token (NFT), which serves as the on-chain master title tied to the physical asset. This token contains metadata linking to the vehicle's VIN, registration details, and notarized ownership documentation—making it the legal anchor between the real-world car and its digital representation.

Once verified and secured, the ERC-721 token is fractionalized into a corresponding ERC-20 fungible token, enabling broad-based investment. Each ERC-20 token represents a proportional share of ownership in the vehicle, with a fixed supply of 100 million units per car. This structure was chosen for its compatibility with decentralized exchanges (DEXs), wallets, and DeFi protocols, providing investors with familiar, flexible tools for trading and managing their holdings.

To protect the legal integrity of each asset, the ERC-721 tokens are held in non-custodial smart contract vaults. These vaults are immutably programmed to lock the NFTs, ensuring they cannot be moved or transferred while ERC-20 tokens are in circulation. The vault addresses are made public for verifiability and trust.

This dual-standard approach offers the best of both worlds: legal traceability through NFTs, and liquidity through ERC-20 tokens—forming a secure, transparent foundation for on-chain vehicle ownership.

## Supply & Distribution

DAuto uses a fixed supply model to ensure simplicity, transparency, and predictability for investors. Each tokenized vehicle is fractionalized into a total of 100 million ERC-20 tokens, with no possibility of inflation or future dilution. This fixed supply model allows for straightforward market valuation: multiplying the current token price by 100 million reflects the total implied value of the vehicle.

There is no global token across the platform—each vehicle has its own unique ERC-20 token with a distinct symbol, tied directly to its corresponding ERC-721 title. These tokens are distributed through an

Initial Token Offering (ITO), with pricing determined via a Dutch Auction model to allow for transparent, market-driven price discovery.

To align long-term incentives and demonstrate confidence in the platform, the DAuto Foundation will retain 15% of the total token supply for each vehicle. This retained share is subject to a 12-month soft-lock period, during which tokens will not be sold or transferred. The remaining 85% of tokens will be made available to the public through the ITO.

At launch, no tokens will be allocated to team members, advisors, or private investors beyond the DAuto Foundation's maximum retained 15% share per vehicle. Token pre-sales are strictly forbidden. Looking ahead, a dedicated ERC-20 governance token will be introduced to enable community-driven decision-making. This token will grant holders the ability to vote on proposals, platform upgrades, and key decisions—directly through the DAuto interface. All details regarding the governance token's structure, distribution, and voting mechanics will be transparently disclosed prior to its release.

## Pricing & Initial Token Sales

Each vehicle's ERC-20 tokens will be launched through a Dutch Auction model, designed to promote fair price discovery and eliminate common issues such as front-running and gas wars. Front-running is prevented by removing the incentive to be first to purchase the tokens, since prices start high and decrease over time, allowing all participants to buy at a fair market rate. Dutch Auctions also eliminate gas wars by reducing transaction urgency, as buyers willing to pay higher gas fees can wait for the price to drop instead of competing to submit transactions at the same moment. In this model, the auction starts at a price approximately 15% above the vehicle's purchase cost, and the price gradually decreases over time until demand meets supply and the tokens are sold. The premium above the vehicle's purchase price is referred to as its "liquidity premium", and may be adjusted by the DAuto Foundation based on market conditions and platform strategy.

This approach ensures that buyers determine the fair market value of the asset, not the platform. It also encourages early participation while protecting buyers from arbitrary or inflated pricing. Once a predefined percentage of the auction is filled, secondary trading becomes available on decentralized exchanges through liquidity pools.

To maintain accessibility and prevent large-scale accumulation during the initial sale, minimum and maximum purchase thresholds may be set per wallet address. These parameters will be clearly disclosed ahead of each Initial Token Offering (ITO) and may vary depending on the vehicle's value and demand.

All ITOs will be conducted directly on the DAuto platform, where users can view the live auction status, token price, and remaining supply in real time. Wallet connection and KYC verification (where required) must be completed prior to participating.

## Liquidity, Token Fees & Market Mechanics

Once the initial token offering (ITO) for a vehicle is complete, its ERC-20 tokens become tradable on the open market. DAuto will integrate each token with decentralized exchanges (DEXs), starting with

Uniswap, to enable 24/7, permissionless trading. These tokens will be paired with the USDC stablecoin in dedicated liquidity pools, allowing users to buy and sell at market-driven prices without relying on centralized intermediaries or order books.

Uniswap's automated market maker (AMM) model facilitates seamless liquidity through smart contracts, ensuring that buyers and sellers can transact even in low-volume environments. Each trade will incur a 2.5% transaction fee, which is automatically redirected to the DAuto Foundation's publicly viewable treasury wallet, contributing to the platform's ongoing development and sustainability.

Currently, there are no enforced token lock-up periods or vesting schedules for public buyers, ensuring immediate liquidity post-ITO. However, the DAuto Foundation's retained 15% share in each vehicle will be soft-locked for a 12-month period to demonstrate long-term alignment with investors.

## Security & Audits

Security is a cornerstone of the DAuto platform, given the real-world value of the assets being tokenized and the importance of maintaining a secure on-chain ownership structure. All smart contracts deployed by DAuto—including the ERC-721 “master title” contracts and ERC-20 fractional tokens—will be developed using OpenZeppelin's robust contract libraries, a trusted industry standard for secure and modular smart contract development. Prior to mainnet deployment, all contracts will undergo a comprehensive audit, with results published on the DAuto platform for full transparency. This ensures that the platform's underlying code meets the highest standards of security and reliability.

To preserve the legal and technical integrity of each asset, ERC-721 tokens are held by the DAuto Trust, acting as the legal custodian on behalf of tokenholders. These tokens are stored in secure, non-custodial trust accounts governed by binding legal agreements, which prevent unauthorized transfers or tampering. This structure creates a direct, enforceable connection between the on-chain tokens and the physical vehicles they represent.

Additionally, the metadata of each ERC-721 token includes links to notarized legal documents, insurance summaries, and trust agreements—stored on IPFS's decentralized file systems. This allows every token to be both cryptographically verifiable and legally backed, creating a secure bridge between blockchain infrastructure and real-world ownership.

## The Ethereum Network

DAuto has chosen to build on the Ethereum blockchain due to its unparalleled combination of security, liquidity, and decentralization—qualities essential for the tokenization of real-world assets (RWAs). Ethereum's robust smart contract infrastructure and extensive ecosystem make it the most battle-tested and widely adopted platform for RWA projects. As of March 2025, Ethereum hosts over 60% of tokenized RWA assets, significantly outpacing other blockchains in this domain (*Web3Wire*).

Major financial institutions like BlackRock, Franklin Templeton, and UBS have launched tokenized products on Ethereum, reinforcing its position as the leading platform for asset tokenization. The network's extensive adoption and integration with decentralized finance (DeFi) protocols provide DAuto



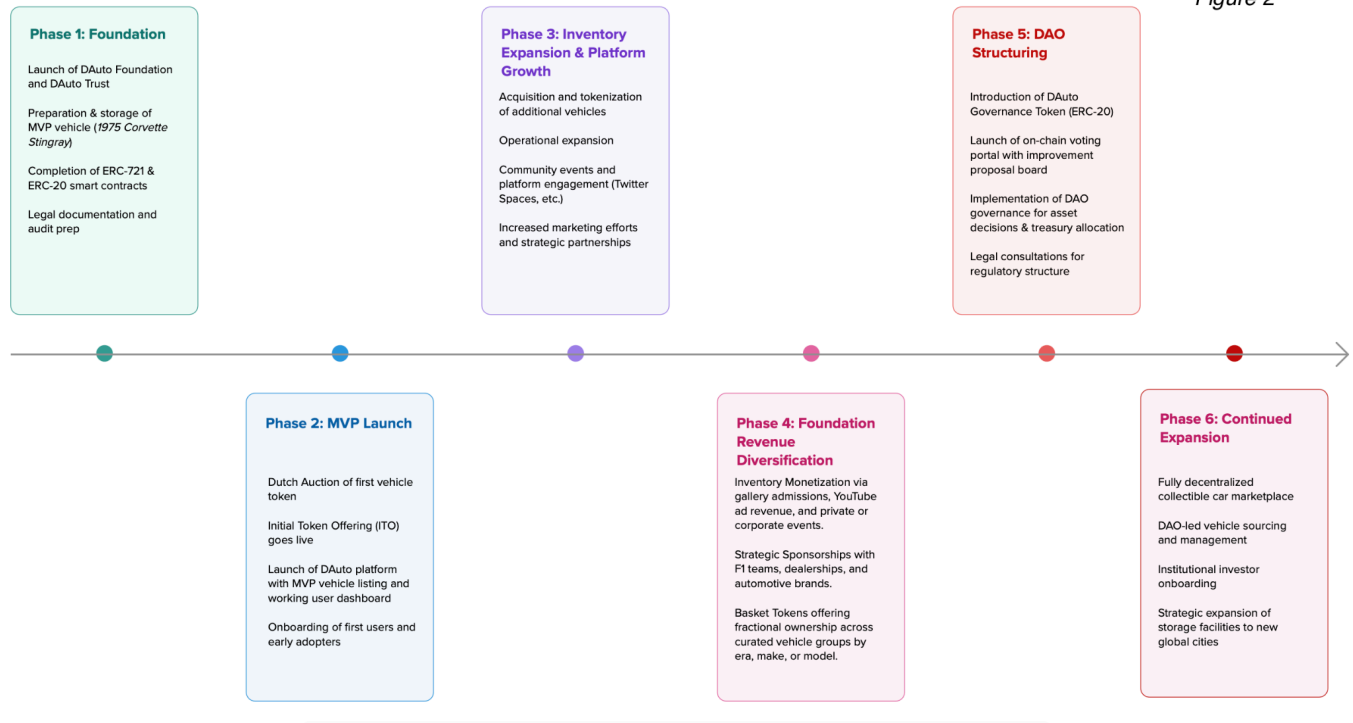
with access to deep liquidity pools and a broad investor base, facilitating seamless trading and investment opportunities for token holders.

However, Ethereum's high gas fees can pose a challenge, particularly for micro-transactions and less frequent traders. While Layer 2 solutions like Arbitrum offer lower fees and faster transactions, they introduce complexities such as the need for cross-chain bridges and potential delays in asset transfers. These factors can hinder user experience, especially for non-crypto-savvy investors. Therefore, while DAuto continues to monitor Layer 2 developments (such as Arbitrum's network), Ethereum's mainnet remains the preferred choice for its security, widespread adoption, and direct integration capabilities.

By leveraging Ethereum's established infrastructure, DAuto aims to provide a secure, transparent, and efficient platform for fractionalized ownership of classic vehicles, aligning with the broader movement toward digital asset tokenization.

# Roadmap

Figure 2



## Timeline

To bring DAUTO from concept to a fully decentralized and globally accessible platform, the project will follow a six-phase rollout. Each phase is designed to build upon the last—starting with the establishment of a solid legal and technical foundation, and culminating in a decentralized marketplace governed by a global community of investors and enthusiasts.

Phase 1 (Q3 2025) focuses on laying the legal, technical, and operational foundation of the DAUTO platform. This phase begins with the formation of the DAUTO Foundation and DAUTO Trust, establishing the dual-entity structure that underpins the platform's compliance and custodial model. Legal frameworks will be finalized with guidance from Canadian legal counsel, while additional jurisdictional options are explored to ensure long-term regulatory flexibility. In parallel, DAUTO's minimum viable product (MVP) vehicle—a 1975 Corvette Stingray—is acquired, documented, and prepared for secure, long-term storage. This includes completing official registration, acquiring appropriate insurance, and implementing standardized condition reporting and maintenance schedules. On the technical side, the initial suite of smart contracts for ERC-721 and ERC-20 tokens will be developed using OpenZeppelin libraries, forming the basis for secure and auditable vehicle tokenization. These contracts will be built with audit readiness in mind, setting the stage for the platform's first on-chain asset issuance. Extensive legal and technical research conducted in this phase ensures that the tokenization process is not only efficient but

also replicable across future vehicles—laying a scalable foundation for a fully tokenized collectible car ecosystem.

Phase 2 (Q4 2025) marks the launch of DAuto’s minimum viable product (MVP) and the platform’s first real-world use case: the tokenization and public offering of the 1975 Corvette Stingray. This milestone will be executed through a Dutch Auction-based Initial Token Offering (ITO), where investors can acquire fractional ownership of the vehicle through ERC-20 tokens. The MVP will feature a functional user dashboard, allowing users to connect their wallets, complete KYC verification, view detailed vehicle documentation, and participate in the ITO directly through the DAuto platform. The platform will also include real-time auction data, token pricing updates, and educational content to support both crypto-native and non-crypto-savvy users. This phase serves as a critical proof of concept, validating DAuto’s token model, smart contract architecture, and legal custody framework in a live environment. User feedback will play a central role, with early participants providing insights that will directly inform platform refinement—ranging from UI/UX improvements to operational flow and investor communications. Beyond showcasing functionality, this phase marks DAuto’s first step into the public market and lays the groundwork for broader community engagement, performance analytics, and future inventory expansion.

Phase 3 (Q1–Q2 2026) centers on scaling DAuto’s operations following the successful launch of its MVP. This phase focuses on the acquisition and tokenization of additional investment-grade vehicles, each undergoing the same legal and technical process established in Phases 1 and 2. As the platform’s asset inventory grows, new Initial Token Offerings (ITOs) will be rolled out sequentially, each supported by standardized documentation, public audits, and real-time trading capabilities. To support this expansion, DAuto will amplify marketing efforts, targeting both retail investors and automotive enthusiasts through social media campaigns, industry partnerships, and thought leadership content. Key communication channels will include Twitter Spaces, newsletters, and early YouTube content, designed to engage users, promote transparency, and drive broader awareness. On the platform side, user tools and analytics dashboards will be introduced to help investors track token performance, monitor vehicle metrics, and better understand their ownership exposure across the portfolio. This phase also emphasizes the early development of sustainable revenue streams to support long-term growth. These include transaction fee accrual from secondary market activity, early-stage content monetization, and strategic brand collaborations. As more vehicles are tokenized and more users onboard, DAuto moves from proving its concept to operating at scale, setting the stage for more advanced revenue models and community participation in later phases.

Phase 4 introduces diversified revenue streams aimed at enhancing the platform’s financial sustainability while maximizing the utility of its vehicle inventory. Physical monetization efforts include hosting private gallery viewings, corporate events, and public exhibitions—leveraging the appeal of rare and collectible cars as cultural and experiential assets. On the digital side, DAuto will generate revenue through content creation, including YouTube ad monetization, educational content, and behind-the-scenes footage that highlights the cars and their histories. Additionally, this phase will see the launch of "Basket Tokens"—ERC-20 tokens that represent fractional ownership across curated collections of vehicles grouped by era, manufacturer, or theme. These baskets allow investors to diversify their exposure while engaging with the platform in new and creative ways.

Phase 5 marks a pivotal shift toward decentralization, as DAuto introduces a dedicated governance token that empowers the community to participate in the platform’s decision-making process. A proposal and voting system will be launched, allowing token holders to submit and vote on key initiatives—ranging from vehicle acquisitions and treasury allocations to feature upgrades and platform policies. This transition is designed to gradually distribute control away from the founding team, creating a community-led ecosystem governed by collective interest. Legal consultations will continue throughout this phase to ensure that the DAO structure aligns with evolving regulatory standards while maintaining compliance and operational integrity. This phase will conclude with the DAO assuming primary control over treasury and acquisition decisions via on-chain voting.

Phase 6 represents DAuto’s transition into a fully decentralized, global platform. A decentralized collectible car marketplace will be launched, enabling peer-to-peer trading, DAO-managed vehicle listings, and autonomous platform governance. Institutional investor onboarding will be prioritized through the development of tailored access points, compliance tools, and strategic partnerships. DAuto will also reassess Layer 2 or cross-chain integrations to improve user experience and scalability, guided by DAO proposals and community feedback. To support global growth and broaden access to tokenized vehicles, this phase will also mark DAuto’s expansion of its physical storage infrastructure to key international cities—enhancing logistical efficiency, diversifying the portfolio's geographical footprint, and providing regional exposure for a global investor base.

Through this carefully structured six-phase strategy, DAuto aims to fundamentally redefine vehicle ownership and investment. By leveraging blockchain technology, legal rigor, and community governance, the platform will transform collectible cars from illiquid, inaccessible luxury items into globally tradable, verifiable, and fractionalized real-world assets. Each phase builds toward a decentralized ecosystem where both enthusiasts and investors can participate meaningfully—owning, trading, and engaging with collectible vehicles in a way that was never before possible.

# Conclusion

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DAuto is more than a platform—it's a paradigm shift in how people access, invest in, and experience automotive culture. By combining the trust and tangibility of real-world assets with the openness and efficiency of blockchain technology, DAuto democratizes an asset class that has long been out of reach.

The venture's model—rooted in legal structure, technical rigor, and community engagement—solves fundamental issues in the collectible car market: high financial entry barriers, substantial ownership friction costs, and illiquidity. Through transparent tokenization, verified custody, and phased decentralization, DAuto not only unlocks a new asset class but also gives rise to a new kind of investor: one who can collect, trade, and participate—without compromise.

With a clear roadmap, institutional-grade compliance, and an evolving community at its core, DAuto is poised to become the world's first decentralized, tokenized marketplace for collectible cars. Whether you're driven by passion, profit, or the promise of innovation, DAuto offers a rare opportunity to participate in a timeless asset class—reimagined for the modern world.

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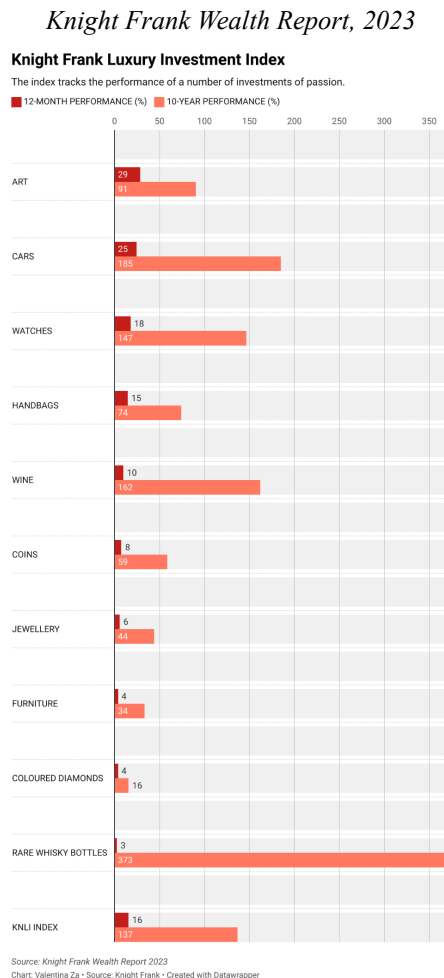
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