



**Choice Coin**

**Transparency Report  
December 2022**



## Table of Contents

<b>Summary.....</b>	<b>3</b>
<b>Decentralization .....</b>	<b>4</b>
<b>Stability .....</b>	<b>6</b>
<b>Risks .....</b>	<b>7</b>
<b>Choice.....</b>	<b>8</b>



## Summary

The purpose for this Report is to provide transparency for the Choice Coin Community and Choice asset economics. Choice is a decentralized voting asset on the Algorand blockchain used for voting on matters relating to governance of the Choice Coin Decentralized Autonomous Network (DAN). Choice Coin is the first and only DAN on the Algorand blockchain, as well as Algorand's largest and most diverse<sup>1</sup> open-source software project as measured by total contributors, project repositories, and open-source software licenses.

Choice was launched on Algorand in August of 2021 with a total supply of 1.00B.<sup>2</sup> Over time, the network has worked hard to burn Choice to ensure equitable decentralization of the asset. As part of this endeavor, we've begun building on multiple blockchains. We're expanding the asset to the same by burning Choice on Algorand to validate value in cross-chain fashion, such that the total supply will stay static.

	September 2022		December 2022	
	Supply Burned	Circulating Supply	Supply Burned	Circulating Supply
Algorand	725.64M	274.36M	748.44M <sup>3</sup>	251.56M
Ethereum	997.00M	3.00M	997.00M <sup>4</sup>	3.00M
Solana	0	0	992.0M <sup>5</sup>	8.00M
<b>Total</b>	<b>1,722.64M</b>	<b>277.36M</b>	<b>2,737.44M</b>	<b>262.56M</b>

Table 0

Choice Coin was verified on Ethereum in May of 2022 as an ERC20 token.<sup>3</sup> Development of a voting mechanism using the ERC20 token is underway to enable MetaMask connectivity for Choice Coin. In October of 2022, Choice Coin was created on the Solana blockchain as an SPL token. Currently, the Solana launch is awaiting development of a burn mechanism for the asset. It is expected that the SPL Choice will focus on the Choice Coin compliance use case.<sup>4</sup> While Choice Coin is a cross-chain asset across Ethereum, Algorand, and Solana, this Report focuses on Choice Coin transparency for Algorand, the blockchain on which it was created, and its main layer-1 protocol. Moving forward, this Report discusses Choice distributions on the thesis, decentralization drives demand.

<sup>1</sup> Choice Coin has over 100 contributors globally, over 80.00% of which are people of color and over 50.00% are women. Choice Coin GitHub: <https://github.com/ChoiceCoin>.

<sup>2</sup> Asset ID: 297995609.

<sup>3</sup> Ethereum Smart Contract: 0x47cd509734022ABFC765c1Ae2cc0A7fA354A870F.

<sup>4</sup> Choice Coin Solana Compliance (2022), <https://github.com/ChoiceCoin/Solana-Compliance>.



## Decentralization

Figure 0 depicts the distribution of the total Choice asset supply in three categories: 1) labeled ownership over 2M; 2) decentralized ownership under 2M; and 3) burned.

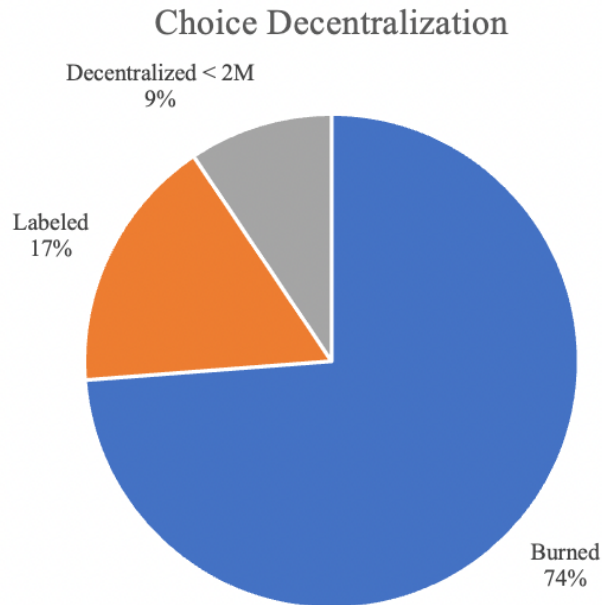


Figure 0<sup>5</sup>

In June of 2022, the Choice Coin DAN voted to burn the reserve or treasury supply of 675.00M Choice.<sup>6</sup> The proposed purpose for this burn was to decentralize the asset and its associated value. However, despite the large burn in the amount of 67.50% of the total supply, the price of Choice did little to stabilize and instead followed a similar downward trajectory like other Algorand Assets, including the layer-1 asset, Algo.

There are two possible reasons for this. The first reason is that a treasury is an asset for a project to be drawn from for the purpose of generating yield, supporting software development, and attracting new investors. By burning the treasury, Choice Coin put itself at a disadvantage against cut-throat market competition for blockchain infrastructure and governance software development.

The second possible reason is a delayed onset of price appreciation and stability. Over time, the treasury assets of most projects will eventually flow through liquidity pools or exchanges and create sell pressure. Thus, through market cycles, Choice will have significantly less sell pressure than its competitors, gaining a decisive market advantage as result in both stability and cost-efficiency. Choice Coin is acting on the assumption that the latter reason is truer given the burn

<sup>5</sup> Data Recorded 12/6/22.

<sup>6</sup> Burn TXID: EIWZBQD7HA7IV3O4DTLENCBKXPC2OJ2VLPCZA7NUDJ3BZ2SMD43Q.



example of Shiba Inu on Ethereum, which is largely regarded as one of the most decentralized projects and greatest public goods in the space.<sup>7</sup> So, we're continuing to burn Choice. In fact, between September 2022 and December 2022 an additional ~14.80M Choice were burned.

Figure 1 depicts a more detailed distribution with data from addresses with over 2M Choice. Labeled Choice represents ~17.00% of the total supply.

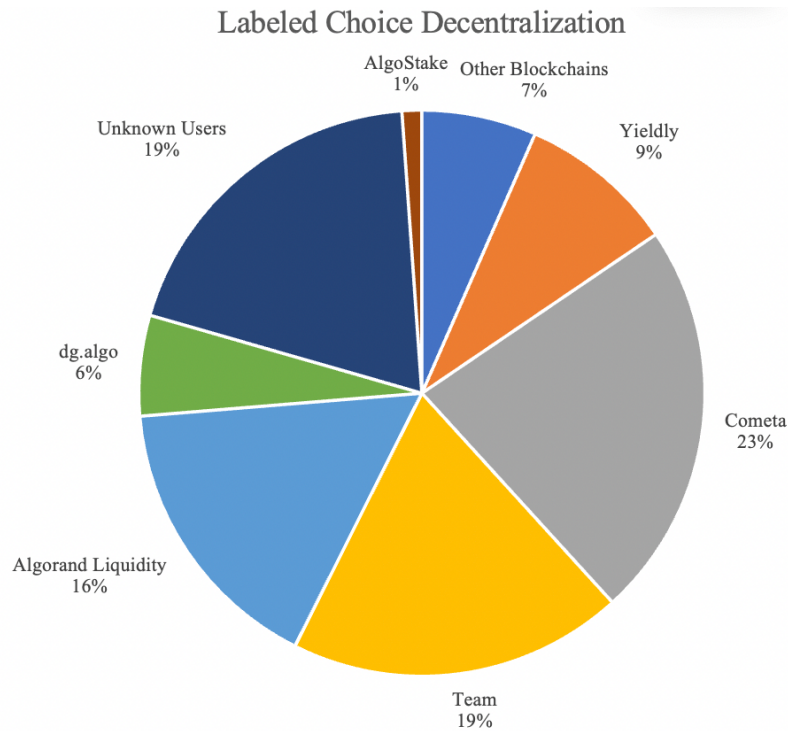


Figure 1<sup>8</sup>

Generally, Choice distribution has been very volatile and fast changing on a day-to-day basis. The main method by which Choice has been decentralized is through active participation in the Choice Coin network, community engagement and developer education programs, such as Her Tech Choice, Choice Coin software bashes, and micro-grant awards for inventors and engineers. Choice Coin continues to operate on the assumption that software contributions and inventions add value to products and users.

<sup>7</sup> Shiba Inu Burn: 0xdead000000000000000000042069420694206942069.

<sup>8</sup> Data Recorded 12/6/22.



## Stability

In terms of asset price, Choice is very volatile and subject to random changes relative to other assets. The price of Choice is determined generally by the TinyMan automated market-maker (AMM) technology, which essentially defines the price of an asset based on the ratio of assets in liquidity pools of two asset pairs. Choice Coin had experimented with liquidity on AlgoFi as well, however the AlgoFi team made a unilateral decision to abandon their v1 protocol and the stable coin, STBL, lost its peg to the dollar.<sup>9</sup> Now, Choice Coin is transitioning liquidity incentives from TinyMan to Pact, another AMM on Algorand.

Ultimately, the goal is to follow a path toward asset price stabilization to discourage speculation and support scalable growth. The DeFi space on Algorand is largely defined by the total value locked metric (TVL) in Algo. The truth is that TVL in Algo is not a good metric to optimize with a goal of asset stability or strategic growth. So, Choice Coin is taking a different approach by focusing on three metrics: burns, volume, and non-native TVL.

First, burns take the asset out of circulation to prevent large sell offs. Second, volume decreases volatility by correcting for market inefficiencies and preventing arbitrage bots from taking value. Third, we're focusing on increasing non-native TVL in the form of goBTC, goETH, USDC, and USDT to help minimize loss through the bear market. To that end, Choice Coin has partnered with Cometa to provide rewards for non-native TVL. We've also added additional rewards for asset stakers to help further decentralize the asset and grow our user base.

The focus for Choice Coin stabilization efforts is the creation and capture of real value through blockchain research, open-source software development, and the offering of governance software and associated services. Indeed, a core assumption of the Choice Coin network is that asset allocations should be focused on creating and capturing real value for the network. Real value comes in many forms, such as strategic partnerships, developer contributions, and software applications.

Choice Coin does not accept, solicit, or partner with investors and has no intention of raising institutional capital. Instead, one thing that separates Choice on Algorand is the belief that there is inherent value in intellectual property and regulatory compliance. In fact, Choice Coin is the first and only project on Algorand to invent a decentralized compliance protocol for digital assets and to file a patent application for an invention made using Algorand technology.<sup>10</sup> As such, Choice has value as an information technology, tool for decentralized innovation, and as a key for DAN governance.<sup>11</sup>

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<sup>9</sup> This created too much risk for Choice Coin to continue incentivizing liquidity on AlgoFi.

<sup>10</sup> Choice Coin developers now have four utility patent applications pending in the United States. Indeed, ideas don't have real value – but, inventions, which are new and useful machines and processes, have real value as do the associated legal rights.

<sup>11</sup> Still, the most difficult challenge in stabilizing asset price is that stability is a completely relative concept. Generally, in the United States stability is associated with the United States Dollar (USD), but despite always having a price of \$1.00, the value of the dollar is extremely volatile. On Algorand, Choice Coin will focus on stabilizing the value of Choice relative to 1 Algo, with the long-term goal of a consistent 1:1 ratio. To do this, Choice Coin focuses DeFi efforts on conservatism and stability, rather than short term growth.



## Risks

Security is the most important risk for Choice Coin. There are two main security risks for Choice Coin. The first is the security of Choice Coin's software, which has been professionally audited by Kudelski Security,<sup>12</sup> a world-class security firm and has never suffered a hack or loss.

The second security risk is the use of third-party software. Choice Coin uses third party software services for several community projects and programs. If one of the third-party software services is hacked, Choice Coin users may lose all their assets. In Q1 of 2022, TinyMan was hacked, and Choice Coin users suffered significant loss that has yet to be recovered. The network is still working hard to recover from the hack and restore trust in the project.

Slander and libel from competitors are a significant risk for Choice Coin. Choice Coin's competitors in the Algorand ecosystem and their executives consistently spread false and misleading information about the project. This is particularly true with respect to the development of Algogeneous smart contracts. Entrepreneurs in the Algorand ecosystem, including Chris Swenor and Patrick Bennet, have accused Choice Coin of misleading users with respect to the underlying technology. Critically, these accusations are false and unfounded. Choice Coin software is not only open source,<sup>13</sup> but the underlying inventions have also been disclosed directly to the United States Government through the patent process.<sup>14</sup>

Choice Coin will not actively pursue a centralized exchange listing. Many projects think listing on a centralized exchange (CEX), such as Binance or Coinbase, is the goal and dedicate significant resources to doing so. Critically, Choice is not an equity interest, and the Choice Coin project will not dedicate resources to CEX listings. Some suggest this puts Choice Coin at a disadvantage because it prevents an influx of capital investment from retail investors.

The purpose for the asset Choice is for use as a cryptographic mechanism for governance and not for the purpose of financial profit. Choice Coin faces significant competition in the decentralized landscape with competing projects raising between \$2M and \$50M in venture and institutional capital investment. As such, these projects will tend to have greater resources, which may result in the development of superior products or services.

The regulatory landscape surrounding blockchain technology and digital assets changes daily. As such, it takes significant time and resources dedicated to the compliance function to ensure the project's core protocol is in line with the law in relevant jurisdictions. To reduce regulatory risk, Choice Coin has dedicated significant financial and human resources to the development of compliance automation technology for Web3 and blockchain applications. Additionally, the project maintains a program dedicated the compliance, which includes an external audit.

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<sup>12</sup> Choice Coin, GitHub, v1 Security (2022), <https://github.com/ChoiceCoin/Choice-V1/tree/main/Security>.

<sup>13</sup> Choice Coin, GitHub (2022), <https://github.com/ChoiceCoin>.

<sup>14</sup> Applications expected to be published in Q1-Q3 of 2023. U.S. Patent Application 17,375,542, Algogeneous smart contracts (2021). U.S. Patent Application 17,410,676, Decentralized voting using quantum intelligence (2021). U.S. Patent Application 17,483,297, Deep intelligence for decentralized finance (2021). U.S. Patent Application 17,559,519, Voting using Choice Coin on a Blockchain (2021).



## Choice

Algorand is a confluence of the words, algorithm and randomness. In fact, randomness software is the main innovation of the Algorand blockchain, which uses a randomized consensus algorithm to validate peer-to-peer transactions on a public ledger.<sup>15</sup> Consider randomness goes hand in hand with uncertainty, doubt, and fear.

But the reflection of randomness is choice. A choice doesn't happen by accident, it's a deliberate decision and an intentional action that results from freedom in the human mind. The main assumption on which Choice Coin diverges from Algorand is that technical innovation does not result from randomness nor the approval of centralized authorities, rather technical innovation is a choice.

To conclude the calendar year 2022, Choice Coin governance addresses the issue of whether to focus development on Ethereum as its main layer-1 protocol.<sup>16</sup> The outcome of this vote will have a fundamental impact on the future of both Choice Coin and Algorand because Choice Coin is Algorand's largest and most diverse developer community.<sup>17</sup>

Let's building something great.

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<sup>15</sup> Jing Chen, Silvio Micali, Algorand (May 26, 2017), arXiv:1607.01341.

<sup>16</sup> Decentralized Decisions, <https://www.decentralized-decisions.app/>.

<sup>17</sup> Choice Coin has over 100 contributors globally, over 80.00% of which are people of color and over 50.00% are women.