



WHITE PAPER

August 2017

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Slack Direct Link:
<http://coinflip-team.slack.com>
May not use slack

Twitter:
@coinflipatm

Facebook:
CoinFlip

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Executive Summary



CoinFlip turns purchasing cryptocurrencies into an easy and straightforward process. What we do is simple; we deploy cryptocurrency ATMs and conduct in-person bitcoin trades, and earn a profit by making a market.

The Skokie, Illinois-based company was officially incorporated in December 2015. Currently, the firm operates 13 ATMs, with locations in Third Lake, Elk Grove Village, Skokie, Lincoln Park, Wicker Park, Pilsen, Garfield Park, Woodlawn, Alsip, Rockford, Champaign, Naperville, and Calumet City. 12 of the machines accept cash and dispense cryptocurrency, and one of them (the Champaign location) is a more sophisticated model that can also accept cryptocurrency and dispense cash.

Online marketplaces such as Coinbase and Bitfinex make purchasing cryptocurrency painfully annoying. They all require a rigorous onboarding process that requires even small-time buyers to divulge very personal information, such as government identification, bank statements, and social security number. Not only that, but receiving the cryptocurrency takes a very long time; Coinbase will make users wait for 7-10 days for ACH purchases, and an exchange like Bitfinex requires a wire transfer that is not only time consuming, but costly (usually around \$40-\$70 for US customers).

We're different. CoinFlip understands that not all customers can afford to wait or jump through hoops. Our registration requirements are straightforward, and our turnaround time is unparalleled. When our customers engage in an in-person transaction or use the ATMs, the cryptocurrency is sent to their wallet before they even have a chance to return to their car.

Due to the convenience and speed that the company offers with regards to purchasing crypto, there has been immediate demand for our services. We have been able to grow very quickly because of our dedication to customer service (available 24/7), our enhanced reach via new locations, and our advertising campaign.

Because cash is convenient for the user and carries extra risk/logistical issues for the vendor (us), we can charge a premium on the cryptocurrency that is purchased with bills. Currently, we charge 7% over GDAX's market value of crypto for each sell transaction, and 3.5% under GDAX's market value for each buy transaction. These are the lowest ATM fees in Illinois.

Although it is hard to quantify the size of the cryptocurrency sector due to relative novelty, the space is quickly gaining traction in our society. It is still far from mainstream, yet as adoption continues to rise, so will CoinFlip's transaction volume.

1 – Overview of CoinFlip



Crypto Market Space

Cryptocurrency allows its owners to be their own bank, to quickly and inexpensively transfer their funds anywhere in the world, and to possess a transparent database that contains a record of every single transaction. This dynamic new ecosystem is rapidly proliferating with the rise of blockchain technology, and global adoption will only continue to grow.

However, with the advent of a new digital asset class comes a set of new challenges. The creation of a decentralized system for smooth transactions is a central part of the general vision, but the exchange of different cryptocurrencies for fiat is still an integral part of the ecosystem today. The overall availability of different digital coins and tokens is low relative to its potential.

At CoinFlip, we feel that this exchange of different coins (like bitcoin and ether) into fiat currency should be a seamless and intuitive process. We are an established company in the Midwest that adheres to KYC (Know Your Customer) and AML (Anti-Money Laundering) compliance protocols. Our goal is to create a global network of cryptocurrency ATMs that allow users to easily convert their highly-available fiat currency into relatively unobtainable digital assets (and vice versa).

Convenience of Cryptocurrency ATMs

Acquisition of all cryptocurrencies primarily occurs on existing online exchanges. These exchanges often require users to link their bank accounts or other financial institutions in order to send funds to the market to execute orders. The verification process and mobility of these funds can take weeks, if not months.

While the cryptocurrency ATM network is not as expansive as the online exchanges, ATMs do provide a location where users can take advantage of a quick registration process and the convenience of being able to exchange cash for cryptocurrencies in a matter of minutes.



1 – Overview of CoinFlip



Organically Growing the Cryptocurrency Ecosystem

Speed, convenience of acquisition, and a fair price are three sought-after components of cryptocurrency exchanges. In order to increase general awareness and encourage mass adoption, these facets need to be optimized.

These are core values at CoinFlip as we are actively trying to expand the ATM network across the country and eventually, the globe. People should be able to make bitcoin and other cryptocurrency purchases without hassle and time constraints. The easier it is to freely exchange fiat for cryptocurrency and vice versa, the faster the overall crypto sphere will grow.



2 – Business Model



Core Components

The business model at CoinFlip is centered around exceptional customer service, low fees, and the simple user interface of our machines. There are other ATMs on the market that are intimidating to users and are difficult to use. In addition, they gouge their customers by charging unreasonable rates, sometimes in excess of 16%. We have two different versions of ATMs that we deploy. The majority are small one-way machines that accept fiat cash in exchange for the corresponding crypto amount, which is sent **immediately** to the customer's wallet address. The second is a larger two-way machine that allows people to buy or sell cryptocurrencies for fiat cash.

ATM Design

Our primary ATM design consists of:

- A small outer shell comprised of durable metal
- A simple grey stand that the ATM is bolted on top of
- A tablet-like screen that has an integrated user interface
- A state of the art validator that quickly accepts fiat cash
- A camera that makes it easy to verify customer identities

The larger two-way machine is a single unit with multiple recyclers that allows users to sell their crypto to CoinFlip.

Terminal Software & Transaction Process

The user interface is easy to use. This is critical in a space that is often criticized for being too complex for the average consumer. Users are prompted through a quick registration process if they choose to purchase an amount over \$500. The registration is tied to a user's primary phone number. After submitting a picture of a valid government-issued ID and a matching selfie through the built-in ATM camera, the user is then able to scan his or her QR address code and insert bills of any denomination into the ATM.

After the user is finished inserting each individual bill, he or she is prompted to confirm the total amount. The corresponding value in crypto will be automatically sent to his or her wallet address.

2 – Business Model



Backend Server Protocol

Every registration over \$500 is manually approved by a CoinFlip associate. We take our compliance program extremely seriously and run all of the verification checks that are required by the federal government. Government-issued IDs and user information gathered during the registration process are stored on a secure server, and never sold to a third party.



CoinFlip's two-way ATM
model

3 – Token Model



Token-Holder Incentives

We are now excited to offer FlipCoin tokens to our dedicated supporters. They will be treated as a membership token that will provide benefits for those own it, with access to significant discounts, consulting, crypto networking events, and educational literature/videos created by CoinFlip (among other things).

We are also in the process of submitting applications to have FlipCoin tokens listed on major exchanges, so that they can easily be acquired by new customers (or unloaded by old ones).

Owners of...

>\$100 USD (If purchased during sale) or 0.01% of Total Outstanding FlipCoins (if purchased after sale)

CoinFlip members that possess over **0.01%** of our released tokens will be eligible for large discounts. We will drop our fees in half for these holders. Our buy crypto for cash fee will decrease from 7% to 3.5% above spot price, and our sell crypto for cash fee will decrease from 3.5% to 1% below spot price.

Can't reach our ATMs? No worries! While you wait for a CoinFlip terminal to reach your town, you can always send us a wire transfer (**domestic only**) in order to purchase crypto. We will cut our wire fee from 4% to 2% above spot price for FlipCoin members in this tier. ***This deal (and virtually all of the other incentives) do not expire***

As we use the sale proceeds to expand our ATM and client networks, the once-in-a-lifetime discount this token provides will gain in usefulness. **We will also attempt to process ACH payments and credit card transactions, which the discounts will apply towards.**

>\$500 USD (If purchased during sale) or 0.05% of Total Outstanding FlipCoins (if purchased after sale)

Members in this tier will gain admission to **quarterly** CoinFlip networking events, which will be attended by influential individuals in the Chicago/Midwest crypto network. The individuals who own over **0.05%** of FlipCoins after the initial sale will also receive CoinFlip apparel (such as snapbacks or t-shirts) as a “token” of our appreciation.



3 – Token Model

>\$1,000 USD (If purchased during sale) or 0.1% of Total Outstanding FlipCoins (if purchased after sale)

CoinFlip will provide this group with on-demand consulting to answer any questions related to cryptocurrency. Simply call us, and we'll give our two cents about where the industry is headed, or perhaps provide advice regarding securely acquiring and storing crypto.

We will also periodically send these members literature and/or videos about different topics surrounding the sphere.

>\$5,000 USD (If purchased during sale) or 0.5% of Total Outstanding FlipCoins (if purchased after sale)

Have you ever wanted to bring cryptocurrency ATMs to your area, but didn't know where or how to start? If so, you may want to consider purchasing FlipCoin. CoinFlip now gives aspiring ATM operators access to its brand, compliance protocol (US-tailored), customer service representatives (who speak English and Russian), and server specialists. If you own more than **0.5%** of FlipCoins, CoinFlip will cut its usual franchise fee in half, to roughly 0.75% of total transaction volume. If an operator manages multiple terminals, then he or she should expect this incentive to eventually pay for itself. As more potential franchisees find out about CoinFlip, this token will gain utility.

>\$10,000 USD (If purchased during sale) or 1% of Total Outstanding FlipCoins (if purchased after sale)

You, my friend, must really like us. For this amazing show of support, we will grant these angels full access to all CoinFlip financial/sales reports, and will try to incorporate them into future ventures. They will also have a seat at all of our board meetings (virtually or in person), and will act as the company's official advisors.

The incentives build on each other. For example, if you own more **than 0.05% of released FlipCoins, you will obtain the discounts, the apparel, and the access to the networking events.*

***New customers who obtain over **0.01%** of tokens after the initial sale must wait two weeks before presenting them for discounts.*



3 – Token Model

Additional Incentives

Accelerated Cryptocurrency Adoption/Increased Network

If we successfully connect fiat-holding citizens with a fast and simple method to inexpensively turn their cash into crypto, then the cryptocurrency community will grow as a result! Should we hit our goal of 100 ATMs by the end of 2018, then we will have noticeably increased the network of the cryptocurrencies we trade (bitcoin, ethereum, and litecoin as of now).

Increased Fungibility

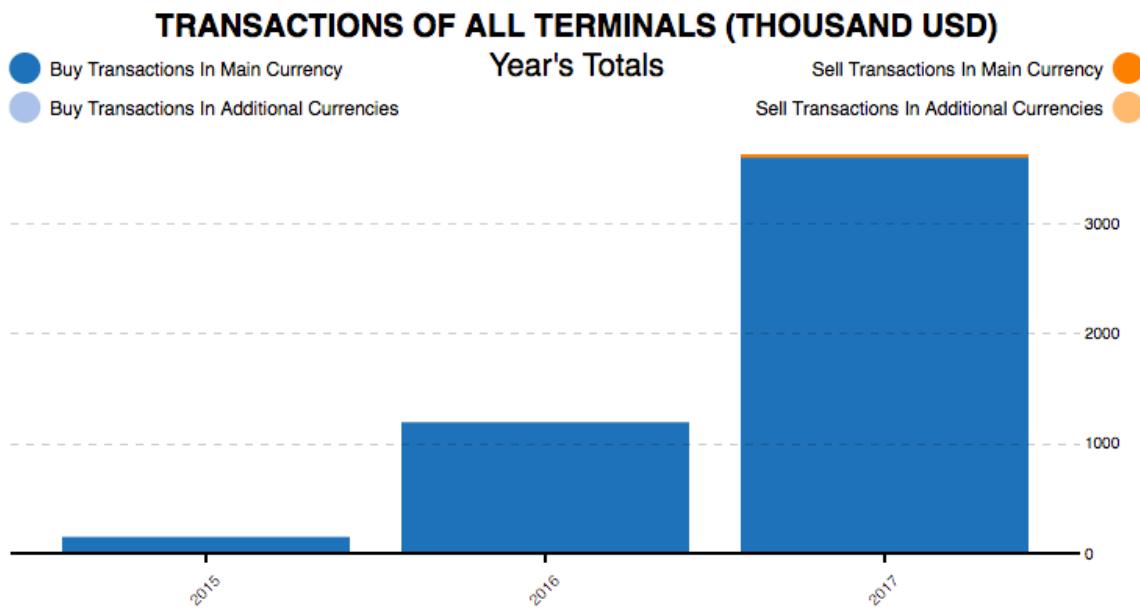
In the case that there is enough demand for our token, we will attempt to integrate it into the mix of cryptocurrencies offered at our terminals. All cash and crypto trades that involve FlipCoin will carry a heavily reduced fee of 1% (for both crypto buys and sells).

4 – History & Development Timeline



Past Milestones

CoinFlip is growing quickly and has already blown past years' sales numbers out of the water. As we continue to expand as planned, CoinFlip will be able to capture the market share in the Midwest and extend to other southern areas in the United States. The company's goal is to operate 100 terminals by the end of 2018.



Expansion

CoinFlip currently has 13 ATMs deployed in Illinois, and we are looking to quickly expand. We recently ordered 20 new machines from our manufacturer, and have plans to deploy 1-2 ATMs per week in new locations throughout the Midwest. You can check out our website, <http://coinflip.tech>, to view a complete list of all current ATM locations. See *Funding Usage* for a breakdown of future expansion plans.

Licensing Opportunities

CoinFlip is in the process of adding other services to complement our ATMs. We currently offer consulting sessions for people unfamiliar with the cryptocurrency space. We are additionally speaking with a variety of entrepreneurs who want to incorporate our ATMs and brand into their own business (licensing). These ventures will be set up alongside regular CoinFlip operations. We handle the branding, compliance, customer service, and server support, which allows our operators to overcome the steep learning curve involved in running a business of this nature.

5 – Token Sale



Presale Registration

Prior to the crowd funding period, we are offering the crypto community to register wallet addresses. This will allow us to have a better idea of how many people plan on participating and how much they plan on contributing. More information on the presale registration date and overall process will be provided in the future.

Token Sale

An ether wallet address will be displayed on the homepage of our sale's website (**NEED WEBSITE NAME**) on the date of the crowd fund. Contributors will be able to send ether to the address in exchange for FlipCoin tokens for the entire duration of the sale. **If you would like to participate, simply visit our website and create an account with username, password, and contact information.**

Summary

DELETION

Number of FlipCoins that will be released to the public: **10-50 million**

Presale: 10 million tokens at \$0.08 per token

Sale: 30 million tokens at \$0.10 per token

Last Chance: 10 million tokens at \$0.12 per token

The ETH price of the tokens will be locked in one hour prior to the presale.

6 – Funding Usage Breakdown



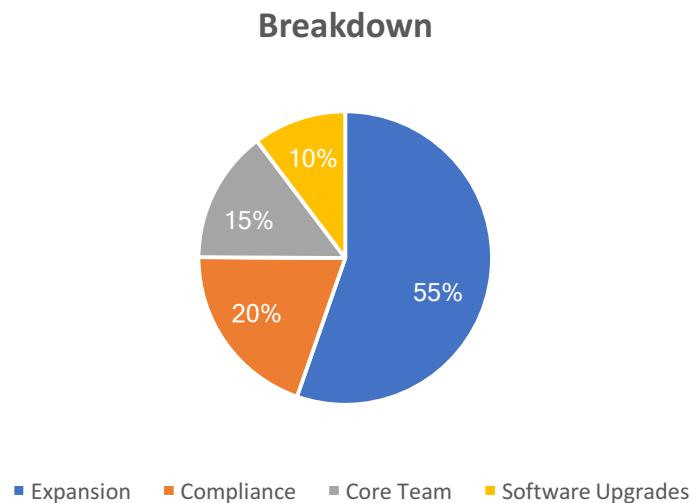
Expansion (55%)

Your contributions will primarily be used to make CoinFlip's affordable and simple services more accessible to everyone. Roughly 50% of all funds raised will go towards rapid expansion throughout the United States and worldwide. This money will allow us to immediately purchase more ATMs (10%), market our brand (15%), and increase crypto inventory (30%). Our goal to deploy 100 ATMs by the end of 2018 is lofty, but definitely doable.

Compliance, Accounting, and Legal (20%)

In order to effectively operate, the company will need to dedicate an increasing amount of resources to enhancing its **compliance protocol** as it scales. In addition, CoinFlip will need more sophisticated **accounting and legal assistance** once profits grow, more currencies are offered, and the company operates in different states/countries. **20%** of funds will be used for these three purposes.

CHANGE BREAKDOWN TO REMOVE REFUND AND ADJUST EXPANSION to 55% AND COMPLIANCE, ACCOUNTING, AND LEGAL TO 20%



Core Team (15%)

15% of funds raised will go to the **CoinFlip core team (comprising four members)** in the form of a **salary**, prorated over the course of one year. We've been operating for nearly two years, and have bootstrapped the entire way. None of the founding members were taking a base salary as recently as May of this year. This would allow them to continue organically growing the cryptocurrency ecosystem.

6 – Funding Usage Breakdown



Software Upgrades (10%)

10% of all funds raised will go towards upgrading our software. This will improve the overall user interface and add necessary compliance/proprietary features to set us apart from the competition.

7 – Core Team & Advisors



Core Team



Daniel Polotsky
Chief Executive Officer

Daniel graduated from Northwestern University in 2017 with degrees in Economics and Russian Language and Literature. He came up with the idea for CoinFlip in 2014, and has previously held positions at Uber, R.J. O'Brien, Citadel, and Morgan Stanley. Daniel is responsible for idea generation, securing new investment, accounting, and compliance



Kris Dayrit
Chief Marketing Officer

Kris owns five popular Chicago electronic cigarette shops, heads an electronic cigarette manufacturing company, and is a practicing nurse. Kris is responsible for building CoinFlip's brand image, acquiring new locations, and licensing the company's name to new operators.



Alan Gurevich
Chief Technology Officer

Alan has previous experience in retail, and used to be a top-performing technology salesperson for CDW. He is incredibly tech-savvy, and is responsible for customer service, implementing software upgrades, troubleshooting, and working with our ATM manufacturer to improve functionality and fix bugs.



Ben Weiss
Chief Operating Officer
Ben graduated from Vanderbilt University in 2017 with a degree in Economics. He previously interned as a law clerk for the Cook County States Attorney's Office in Chicago. Ben attends to the daily operations of the company, which include cash management, payroll, and data analysis.

7 – Core Team & Advisors



Project Team



Larry Mascolino
Project Manager

Larry graduated from Wake Forest University in 2017 with degrees in Biology and Entrepreneurship. He was previously a clinical rotation intern at Advocate Illinois Masonic Medical Center. Larry currently assists CoinFlip with daily operations and marketing.



Jack Kasbeer
Head Software Engineer

Jack currently studies Mechanical Engineering at Carnegie Mellon University. He has extensive experience in web development/design, iOS development/design, computer architecture, and systems programming. Jack takes functionality and security very seriously, and has worked diligently on the sale's smart contracts.



Jethro Au
Developer

Jethro currently studies at Northwestern University with a focus in managerial analytics, machine learning and process design. He has previous experience in systems security testing, predictive analytics, and data management. Jethro has been an active investor in cryptocurrencies for several years.



Madin Akpo-Esambe
Marketing

Madin graduated from Northwestern University in 2017 with degrees in Economics and Organizational Change, and currently works to create growth strategy insights at the Cambridge Group. Prior to consulting, he held roles on the regulatory and investment sides of finance, working at both The Federal Reserve Bank and Goldman Sachs.

7 – Core Team & Advisors



Christopher Li
Developer

Chris graduated from Northwestern University in 2017 with degrees in Computer Science and Economics. He is currently a full-time developer at Snap Inc.



John Mejia
Marketing

John studies Biomedical Engineering at the University of Illinois at Urbana–Champaign. He is a blockchain investor, enthusiast, and supporter. John is currently involved in multiple token sale launches, with roles in marketing, compliance and ethical practice.



Julia Ainbinder
Design

Julia currently studies product design at Carnegie Mellon University. She has been doing freelance design work for over 5 years, and has completed several projects for CoinFlip. Currently, she is an Industrial/UX Design intern at iRobot. She is proficient in the Adobe Suite and Solidworks, and speaks 3 languages.

7 – Core Team & Advisors



Advisors



Michael Marasco

After 20+ years as experienced manager, leader, intrapreneur, and entrepreneur, Michael joined the full-time faculty (adjunct professor since 1998) of the Northwestern University (NU) McCormick School of Engineering and Applied Sciences in January 2007. Today he is a Clinical Professor and Director of the Farley Center for Entrepreneurship and Innovation (FCEI).

Michael currently serves on the Innovation Advisory Council of HAVI, a \$9+ billion company in the analytics, marketing, supply chain, and packaging industries.

He also continues to be an early stage investor. He currently sits on the board and/or advises a number of companies including Chimu, Agile Health, and Ullo. He is an angel investor in over 10 companies currently. He was recognized recently by *Crain's Chicago Business* and *TechWeek* as a leader in the Chicago technology ecosystem.



Joe Ciccolo

Joe is the Founder of BitAML, a compliance advisory firm exclusively serving the bitcoin and digital currency market. BitAML clients include bitcoin ATM operators, exchanges, traders and trading platforms, altcoins, token sales, and token sale platforms.

Prior to launching BitAML, Joe was a founding member and architect of the BSA/AML program of a top 100 U.S.-based online financial institution. He also served as a project manager for a top 20 global bank, where he led several regulatory and AML audit remediation projects, and consulted on the enhancement of existing documentation and record retention procedures. Before entering the field of BSA/AML, Joe held leadership positions within various risk management disciplines, including vendor due diligence, fraud prevention, and corporate investigations.

He is a frequent guest speaker at both bitcoin and compliance industry events, and regularly consults with regulators and policymakers.

7 – Core Team & Advisors



Gadi Cohen

Mr. Cohen is an established multi-family real estate developer with over 40 years of experience. He served as an officer in the Israeli army at a young age and immigrated to the United States when he was 23 years old. He currently manages 186 employees and 16 properties throughout Illinois, Indiana, and Wisconsin. Outside of the US, he owns and operates a diving hotel in Bocas del Toro, Panama. He also owns cacao and mango farms in Peru.

7 – Core Team & Advisors



Customer Testimonials



Todd Horberg

“As a sophisticated trader, my top two concerns are security and a good deal. CoinFlip's team has the best prices in the cash-to-crypto game by far; I couldn't believe it when I saw one of their competitors charging north of a 15% mark up. I trust the CoinFlip team, and I trust FlipCoin to pay for itself in a short time via the unheard-of discounts it provides.”

8 – Legality & AML Compliance



Legality

As a federally-regulated money services business (MSB), CoinFlip is required to follow compliance protocol set forth by FinCEN. We are compliant with regards to collecting certain customer information, and preventing money laundering.

Anti-Money Laundering/Know Your Customer Compliance Protocol

At the ATMs, purchases of up to \$500 USD require phone number verification via a text code, and purchases from \$500-\$3,000 USD require users to **take a selfie, and** scan their government-issued ID on the ATM screen. For purchases between \$3000-\$7500, customers need to provide source of funds, purpose of funds, and a 9-digit social security number. Additionally, we verify their information on Blockscore.com, a very standard application dedicated to confirming identities.

Additional Notes

The CoinFlip team is working with outside legal counsel to ensure full compliance. Yet, the emerging cryptographic token space is currently unregulated and a lot of legal gray areas exist. Our goal is to be as compliant as possible within such a regulatory environment. Some argue that US securities regulations could apply to cryptographic tokens. For the question of whether they apply, the appropriate framework is the Howey Test, established in the SEC v. Howey case. Our understanding and interpretation of this test is that FlipCoins are not securities because...

- 1) Ownership of FlipCoins does not provide any company ownership or rights to the firm's earnings. Therefore, holders cannot in any way profit from the efforts of its executives.
- 2) FlipCoins have a real utility within CoinFlip's network, as they can be redeemable for discounts, educational materials, apparel, consulting services, and events. They do not exist for speculative purposes.
- 3) FlipCoins serve as rewards tokens, and their associated discounts/benefits resemble a Sam's Club membership (purchasers save money in the long run by paying upfront) more so than a security.
- 4) Since FlipCoin holders do not have any ownership interest in the company, this token is not an investment in a common enterprise. The returns to each token holder are variable based on how much he or she takes advantage of the listed incentives, and the only way to achieve "monetary gain" is through a

discount (which is not the same thing as “profit” because the reduced fee is still an overall monetary loss).

However, it is possible that some token holders will not use the incentives provided by this token. We do not encourage or endorse this sort of behavior, and wish for the tokens to be used for their innate utility. If you are planning to participate in our token sale without any desire to use the described deals, you must be either an *accredited* or *sophisticated* investor (which you will confirm prior to purchasing the tokens).

An accredited investor has a net worth of \$1,000,000 (excluding the value of his or her primary residence), or has had an income of \$200,000 (\$300,000 for married couples) the past two years. He or she must have an expectation to continue earning the same salary this year.

For our purposes, a sophisticated investor will be an individual who has worked in the financial sector for over a year, reads Bloomberg or the Wall Street Journal multiple times per month, or has previously invested in cryptocurrency based on fundamental research.

The contents of this document do not constitute legal advice, and we encourage prospective buyers with concerns to consult with an attorney. We expect the regulatory environment to evolve as the cryptocurrency space matures, and we will always do everything we can to make compliance a first priority.

These tokens do not have any value outside of our network, do not indicate how well or poorly CoinFlip is performing, do not represent an ownership stake in CoinFlip, and should not be expected to rise in price/value over time.