



THE AI-POWERED LAYER-1

TECHNICAL DOCUMENTATION AND EXECUTIVE OVERVIEW

# Miami Network: Technical Documentation and Executive Overview

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## 1 Introduction & Executive Summary

The Miami Network is a new-generation blockchain designed to shape the future of decentralized technology through intelligent governance, robust security, and scalable growth. Rather than introducing another isolated chain, our objective is to deliver a platform that seamlessly integrates into the broader blockchain landscape while setting new standards in adaptability and trustworthiness. In doing so, we seek to:

- 1. Establish a More Adaptive and Trust-Centric Blockchain: By incorporating AI-driven trust scoring into our consensus process, the Miami Network continuously refines the quality and reliability of the validators. This dynamic approach ensures that as usage scales, the network remains secure, responsive, and resilient, evolving in real-time to meet the demands of its community.
- 2. Support Scalable, Inclusive Growth: Our architecture invites participation from established organizations and emerging innovators, regardless of their size or resources. Through a layered validation system that complements a stable, stake-based core (PoS) with a flexible, trust-driven layer (PoT) informed by AI, we encourage greater engagement, decentralization, and long-term sustainable growth.
- 3. Set a New Direction for Blockchain-AI Synergy: By weaving AI-driven mechanisms into the heart of consensus, the Miami Network offers a model for more intelligent, data-informed blockchains. This approach paves the way for richer avenues of research and innovation at the intersection of machine learning and decentralized systems, guiding the next era of industry evolution.
- 4. Facilitate Seamless Integration and Ecosystem Interoperability: Recognizing the importance of interoperability and ease of adoption, the Miami Network offers EVM compatibility out-of-the-box. While not a primary objective in itself, this essential feature reduces friction for developers migrating from other EVM-based ecosystems, accelerating network adoption and fostering a vibrant, evolving community of builders and users.

## 2 Problems and How We Are Aiming to Solve Them

#### 1. Static and Rigid Consensus Approaches

Traditional consensus mechanisms like PoW and PoS often lack adaptive capacity and can encourage centralization or suffer from limited trust checks.

How Miami Network Aims to Solve This: By integrating an AI-driven trust scoring system and layering PoT validators atop a PoS backbone, we ensure that performance and honesty dictate influence. This adaptive model continuously updates trust scores, mitigating the rigidities found in older paradigms and providing a more resilient, future-proof foundation.

#### 2. Limited Integration of Advanced Technologies

Many blockchains have yet to fully leverage AI and machine learning for consensus optimization and validator trust assessment.

How Miami Network Aims to Solve This: The Miami Network embeds AI-driven trust scoring at its core. Applications can run their own AI nodes, refine models, and influence the validation environment. This transforms dApps and ecosystem participants from passive users into active co-creators of network security and efficiency.

#### 3. Challenges in Scalability and Inclusion

Balancing performance with accessibility often forces chains to choose between high throughput and broad participation, hindering long-term growth.

How Miami Network Aims to Solve This: Through a layered approach, PoT validators gain influence based on trust scores, not hardware or wealth. AI-driven scoring ensures that honest, reliable validators—large or small—receive recognition and influence, lowering barriers to entry and fostering a diverse, inclusive environment.

#### 4. Ecosystem Fragmentation and Integration Hurdles

Developers and enterprises encounter a fragmented ecosystem, incurring high costs and complexity when moving between chains.

How Miami Network Aims to Solve This: By offering EVM compatibility outof-the-box, the Miami Network lowers migration hurdles, encourages interoperability, and simplifies integration. Builders can focus on innovation rather than infrastructure headaches, accelerating ecosystem synergy and growth.

#### 3 Technical Architecture Overview

The Miami Network's architecture is composed of three distinct yet interdependent layers: a robust Proof of Stake (PoS) backbone, a flexible Proof of Trust (PoT) layer, and an AI-driven trust scoring framework powered by Kempelen PyTorch SDK-based nodes. Together, these components provide a dynamic, inclusive, and continuously improving ecosystem for securing and validating the blockchain.

#### 3.1 PoS Validators: The Backbone of Stability

#### 3.1.1 Role and Responsibilities

PoS validators serve as the foundational layer, ensuring network stability, security, and uptime. They're the economic anchor, providing a reliable baseline of security even under adverse conditions. By staking tokens, these validators commit to honest behavior, facing potential slashing if caught acting maliciously. This economic incentive ensures that if the trust distribution or external conditions shift unpredictably, the network still has a solid, stake-secured core to rely on.

#### 3.1.2 Authority and Write Access

Critically, PoS validators hold "write" authority over on-chain trust score data. While AI nodes calculate trust scores and the PoT layer depends on them, the actual act of recording or updating these trust metrics resides with the PoS validators. This ensures that sensitive updates to validator reputations—key to maintaining a fair and tamper-resistant system—are vetted and finalized by economically secured participants.

## 3.2 PoT Validators: Extensive Reach and Accessibility

#### 3.2.1 Reaching Far and Wide

PoT validators form the "expansive roots" of the Miami ecosystem. They are easy to set up and require no expensive hardware, inviting widespread participation. By welcoming a large number of these lightweight validators, the network greatly enhances its decentralization and resilience. The more numerous and geographically distributed the PoT validators, the harder it becomes for any entity to control or compromise the chain.

#### 3.2.2 Trust Scores and Dynamic Influence

In the Miami Network, Proof of Trust (PoT) validators derive their validation power from dynamically computed trust scores, rather than static stake or computational strength. Initially, even new validators start with a baseline trust score (for example, 0.5 on a [0,1] scale), and as they participate in consensus, their trust values are recalibrated to reflect their ongoing performance, honesty, and adherence to protocol rules.

Building upon the Kempelen Consensus Engine's core architecture, we employ advanced machine learning techniques to enhance trust score computation and anomaly detection.

Specifically, we integrate an ensemble approach (Bagging) with the One-class SVM model to identify anomalous transactions more accurately. By sampling subsets of the original dataset D (of size n) to create multiple training sets  $(D_i)$ , each of size n', training a new classifier  $(C_i)$  on each subset, and subsequently aggregating their outputs, we improve the robustness of anomaly detection and reduce the risk of overfitting. Formally:

- Generate m new training sets  $D_i$ , each of size n', by sampling from D uniformly and with replacement (bootstrap sampling).
- Train a new classifier  $C_i$  on each  $D_i$ .
- Combine the classifiers  $C_i$  by averaging their outputs (for regression tasks) or through majority voting (for classification tasks).

This ensemble-based AI system continuously learns and evolves as network conditions and transaction patterns change. As a result, the PoT layer benefits from increasingly accurate and resilient anomaly detection, contributing to a more reliable and secure validation environment.

Additionally, the trust scores themselves are not static. Instead, we implement dynamic trust scores that adapt to validators' historical behavior, frequency of valid block proposals, and other relevant performance metrics. This adaptability is achieved through a time-decaying factor, ensuring that recent performance carries more weight than outdated behavior. The time-decaying trust score adjustment is defined as:

$$T_i' = T_i \times d^{(t-t_i)}$$

where  $T_i$  is the previous trust score,  $t_i$  is the timestamp of the last update, and d is a decay factor (with  $0 < d \le 1$ ) controlling how quickly older performance data loses influence.

Moreover, the PoT mechanism leverages a formula to continuously update trust scores based on validators' observed behavior. Let T be the current trust score, V the number of valid blocks proposed by the validator, I the number of invalid blocks proposed, and O the total number of opportunities (proposals or validations) the validator had. We introduce parameters  $\alpha$  and  $\beta$  as positive constants to govern the magnitude of trust score increments for good performance and decrements for poor performance. The trust score update is computed as:

$$T' = T + \alpha \times \left(\frac{V}{O}\right) - \beta \times \left(\frac{I}{O}\right)$$

By integrating these dynamic and data-driven trust mechanisms, the Miami Network incentivizes validators to propose valid blocks consistently and avoid malicious actions. As a result, over time, honest and reliable validators see their trust scores (and thus their influence) increase, while validators exhibiting poor performance or malicious activity experience a gradual decrease in their trust and validation power.

In essence, this evolving approach ensures that the PoT layer remains fair, inclusive, and closely aligned with the network's security goals. The combination of ensemble-based anomaly detection, time-decaying trust adjustments, and performance-driven scoring fosters

a more user-centric and adaptive environment. These enhancements not only strengthen the Miami Network's security and reliability but also improve its overall appeal to users and prospective participants, solidifying the Kempelen Consensus Engine's position at the forefront of AI-integrated blockchain technology.

#### 3.3 AI Nodes: Intelligence, Adaptability, and Open Competition

#### 3.3.1 Kempelen PyTorch SDK Integration

AI nodes, built using our Kempelen PyTorch SDK, operate in either "Observer" or "Effector" mode. They continuously monitor validator performance—uptime, adherence to protocol rules, throughput, and other behavioral metrics—and compute trust scores based on these observations. Initially, nodes run in Observer mode to gather data and refine their models. Once validated and proven effective, they enter Effector mode to feed trust scores into the consensus process.

#### 3.3.2 Initial Model: One-Class SVM

Initially, the AI node pool is deployed with a One-Class SVM model that node operators can apply to start evaluating validator trustworthiness. As the usage signature within the chain evolves and transactions become more complex, developers and AI node runners are incentivized to adopt more sophisticated algorithms to maintain accurate fitting.

The One-Class SVM solves the following optimization problem:

$$\min_{\mathbf{w}, \rho, \xi_i} \frac{1}{2} ||\mathbf{w}||^2 - \rho + \frac{1}{\nu n} \sum_{i=1}^n \xi_i$$

subject to:

$$(\mathbf{w} \cdot \phi(x_i)) \ge \rho - \xi_i, \quad \xi_i \ge 0, \quad i = 1, \dots, n$$

Here,  $\nu \in (0, 1]$  is a parameter that sets an upper bound on the fraction of outliers and a lower bound on the fraction of support vectors, and  $\phi$  is a feature map to a high-dimensional space. This approach allows the AI nodes to identify patterns of normal (honest) validator behavior and detect anomalies (malicious or underperforming nodes).

#### 3.3.3 Open Source and Customizable Algorithms

The AI decision-making algorithms are open source. The community and AI node operators can build, refine, or replace the initial models with their own custom algorithms. Node runners with faster, more accurate, or more predictive models—those that better identify trustworthy PoT validators—earn higher portions of gas fees paid during transaction execution. This creates a competitive marketplace for AI intelligence, pushing continuous improvement in trust scoring methodologies.

#### 3.3.4 No Direct Write Authority

While AI nodes calculate trust scores, they cannot directly write these scores to the ledger. Instead, they submit the computed trust values to the PoS layer. PoS validators then review and record these scores on-chain, ensuring a robust system of checks and balances. This separation of roles prevents any single party from unilaterally manipulating trust scores.

#### 3.4 Data Flow and Consensus Interplay

- 1. **Data Generation (PoT Layer)**: PoT validators operate at scale, performing validations and producing performance data that AI nodes continually analyze.
- 2. **Data Analysis (AI Nodes)**: AI nodes apply their ML models—developed and refined using the Kempelen PyTorch SDK—to interpret this data. Over time, they learn which validators are consistently reliable, honest, and efficient.
- 3. Trust Score Submission (AI to PoS): AI nodes, once in Effector mode, propose updated trust scores to the PoS validators. They base these scores on historical behavior, anomaly detection, predictive modeling, and ongoing performance assessments.
- 4. On-Chain Recording (PoS Validators): PoS validators secure the final write operation. They incorporate the trust scores into the network's state, ensuring that economic guarantees back the critical step of updating trust distributions. This maintains structural integrity and deters misuse.
- 5. Adaptive Recalibration (PoT Layer): With the newly recorded trust scores onchain, PoT validators' influence adjusts accordingly. Over time, good actors rise in influence, and subpar or dishonest validators see their power diminished, maintaining a healthy and continually improving ecosystem.

## 3.5 Benefits of the Integrated Architecture

- 1. **Resilience and Stability**: The PoS backbone ensures the network's continuity under all circumstances, acting as a security net if the trust layer encounters anomalies.
- 2. **Inclusivity and Growth**: PoT validators open the door for a broad, global participant base, enabling greater decentralization and faster organic expansion of the network.
- 3. **Intelligent, Data-Driven Governance**: AI nodes transform raw performance metrics into actionable trust scores. By incentivizing ongoing algorithmic improvements, the network continually refines its consensus, staying ahead of adversaries and changing market conditions.
- 4. Checks and Balances: By granting PoS validators the sole right to record trust scores on-chain, while AI nodes and PoT validators supply data and proposals, the system maintains a careful division of powers. This mitigates risks of collusion, single-point failures, or unchecked authority.

#### 4 Consensus Protocol Mechanics

The Miami Network's consensus design marries the dependability of a Proof of Stake (PoS) backbone with the adaptability and wide reach of a Proof of Trust (PoT) validator layer, all guided by dynamic, AI-driven trust scoring. This architecture ensures that as the network grows and evolves, the consensus process remains secure, fair, and responsive to changing conditions.

#### 4.1 Overview

At a high level, the consensus process involves three core actors:

- 1. **PoS Validators (Backbone)**: These staked validators form the network's stable foundation. They propose new blocks, finalize chain state, and maintain critical write authority over trust scores, ensuring that updates to validator reputations pass through a layer of economically incentivized security.
- 2. **PoT Validators (Roots)**: A large, diverse set of validators who participate without requiring expensive hardware or substantial stake. Their validation power is not fixed by wealth or computational might; instead, it is dynamically assigned through trust scores. This makes the system more accessible, enabling broader participation and stronger decentralization.
- 3. AI Nodes (Adaptive Intelligence): AI nodes continuously observe validator performance, applying machine learning models to evaluate trustworthiness. Initially, these nodes run in "Observer" mode to refine their models, but once proven effective, they move to "Effector" mode and actively propose trust score updates. Although AI nodes cannot directly write data on-chain, their computed trust scores guide the PoS validators in adjusting the power distribution among PoT validators.

## 4.2 Detailed Lifecycle of Consensus

- 1. Block Proposal (PoS Layer) A PoS validator, selected through a stake-based mechanism, proposes a new block. Its economic stake ensures that it risks losing capital if it behaves dishonestly. PoS validators handle block proposals and commit to ensuring that the chain remains live and final, even if other layers falter.
- 2. Data Collection and Analysis (AI Nodes in Observer Mode) In the early phases or after model updates, AI nodes operate in Observer mode. They continuously gather data on PoT validators: uptime, latency, adherence to protocol rules, and responsiveness. This data is fed into ML models to refine trust-scoring algorithms without impacting on-chain decisions yet.
- 3. Transition to Effector Mode (AI Nodes) Once models are stable and accurate, AI nodes transition to Effector mode. They produce on-chain trust score proposals reflecting real-time performance metrics and analyses. These trust scores are communicated to PoS validators, who serve as a secure and accountable gatekeeper.

- 4. Trust Score Updates (PoS Layer) PoS validators receive proposed trust scores from AI nodes. Before recording them on-chain, they ensure these updates follow protocol rules and aren't manipulated. With final write authority, PoS validators prevent unilateral alterations of the trust landscape.
- 5. Dynamic Validation Power Assignment (PoT Layer) After PoS validators finalize trust scores on-chain, PoT validators adjust their behavior. High-performing, honest validators gain influence, while malicious ones lose it. This feedback loop ensures that PoT validation power is continuously earned through reliability, not static parameters.
- 6. Block Validation and Attestation (PoT Layer) As new blocks are proposed by PoS validators, PoT validators collectively validate these proposals, attesting to their correctness. Votes are weighted by trust scores, ensuring consensus accounts for proven performance and trustworthiness.
- 7. Block Finalization (PoS Layer) With trust-weighted attestations from PoT validators in hand, PoS validators finalize the block. This dual-layer approach creates a robust, evolving consensus environment, and even if AI nodes falter, the PoS backbone guarantees continuity and security.

#### 4.3 Incentives and Rewards

- 1. **PoS Validators**: Earn stake-based rewards, incentivizing honest participation and careful oversight of trust score recording.
- 2. **PoT Validators**: Influence and rewards tied to trust scores encourage consistent, honest behavior and accessible participation.
- 3. AI Nodes: Compete to provide accurate, efficient trust models. Better models yield higher gas fee shares, driving innovation and constant refinement.

## 4.4 Continuity, Evolution, and Flexibility

The Miami Network's consensus mechanism evolves as conditions change. Open-source AI algorithms and flexible PoT participation enable continuous adaptation, ensuring that the network remains secure, fair, and efficient in a dynamic environment.

## 5 Incentive Alignment

The Miami Network's three-tier node structure (PoS, AI, PoT) introduces a more nuanced and performance-oriented incentive system than conventional blockchains:

- PoS Validators: Earn a base percentage of gas fees, providing stable security. Controlling trust score write access keeps them economically aligned with network health.
- AI Nodes: Earn rewards proportional to model effectiveness. More accurate and efficient trust scoring results in higher gas fee shares, encouraging continued innovation.
- **PoT Validators**: Gain fees proportional to the number of blocks validated, tied to their trust scores. Honest and consistent performance increases influence and profitability.

The interests of all actors align with a secure, adaptive and continuously improving ecosystem.

## 6 Addressing Malicious Actions and Strengthening Security

Malicious validators may propose invalid blocks, double sign, censor transactions, or collude. Traditional blockchains rely on static penalties or slow governance.

- Invalid Blocks & Double Signing: AI nodes detect anomalies and lower trust scores, quickly making malicious behavior unprofitable.
- Censorship & Withholding Votes: Patterns of omission reduce trust over time, discouraging selective validation.
- Cartel Formation & Collusion: Coordinated attacks produce detectable patterns. AI-driven analytics degrade trust scores for colluders, restoring fairness.
- Adaptive, Open-Source Models: A competitive landscape of AI solutions makes it hard to outsmart the system. PoS validators finalize trust updates, ensuring accountability.

This dynamic approach punishes bad actors and rewards honesty, maintaining a secure, trust-based consensus.

### 7 Conclusion

The Miami Network introduces a new consensus engine that merges PoS stability with PoT adaptability and AI-driven trust scoring. It anticipates future challenges, evolves dynamically, and fosters an inclusive, data-driven environment where honest validators and innovative developers thrive.

By uniting incentives, continuously recalibrating trust, and embracing open competition among AI algorithms, the Miami Network transcends traditional limitations. It meets modern demands, addresses Byzantine fault tolerance with adaptive intelligence, and establishes a blueprint for the next generation of decentralized infrastructures.

As the network matures, its multi-layered approach empowers stakeholders, aligns economic interests, and ensures a secure, high-performance ledger. Through careful planning, incremental implementation, and unwavering commitment to innovation, the Miami Network positions itself at the forefront of decentralized technology, ushering in a new era of trust, adaptability, and intelligent consensus.