



Crown Capital

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Disclaimer

This whitepaper (the “**Whitepaper**”) has been created in order to serve as a guide for the existing and future members (the “**Members**”) of the Crown Capital Decentralized Autonomous Organization (the “**DAO**”).

The DAO is designed to sustainably develop a diversified portfolio of crypto-assets and accrue value for its Members. At the time of the DAO’s inception it was felt that it resembles a mere club or society (such as a collectors club or the like) whereby Members choose to come together virtually to engage in a common set of interests. The sole fact that substantial funds or NFT-assets amongst others could be involved does not diminish nor diverge from the hobbyist nature of the DAO. Many of the Members share a common passion for the nascent space of blockchain games and digital art, while others also share a deep desire to explore new forms of decentralized governance.

At the time of drawing-up this Whitepaper, it is clear that a significant lack of legal framework exists to assist with the formation and governance of DAOs in general. As such, it should be understood by all who freely choose to engage with the DAO that Crown Capital is not an incorporated entity and has no legal personality, nor standing in any jurisdiction or domicile. Moreover, any natural or legal persons or entities that purport to represent the DAO in any capacity have no legal ability to do so and cannot be held liable in any way or form for the actions of the DAO and its Members. This is of course not stated as an exoneration of any individual or group who choose to engage in or commit any criminal activity (such as fraud, theft, etc.).

As the space in which the DAO will be active is a new and experimental one it should go without saying that all Members should understand that it is speculative in nature and thus carries inherent risks. In addition, there are numerous bad actors in this space who are intentionally trying to scam others out of their funds. Though none of this diminishes the passion and enthusiasm of the DAO and the Member ought to remain cautious and vigilant at all times.

Nothing stated herein shall be construed as financial or investment advice and all who choose to participate in and engage with the DAO are to speak to their relevant (financial, tax, etc.) advisors. For the record, the DAO is in no way being formed to assist anyone with any form of tax evasion or avoidance. It is expected that everyone participating in and engaging with the DAO will endeavor, to the best of their abilities, to be in compliance with their relevant tax codes and the rules set out by the relevant tax authorities. For the record, the DAO does not provide investment advice with respect to the funds held by the DAO.

It is the DAO’s intention, to the best of its abilities, to keep abreast of the current legal codes and take guidance from the best practices that are being developed in this new and experimental space.



Introduction

The exceptional rise in the popularity of NFTs has led to an explosion of blockchain gaming innovation and in particular, play-to-earn games.

The early 2000s saw the birth of massive online multiplayer games. In 2021 the global gaming market reached a value of over \$175 billion¹ and there are an estimated 3.24 billion gamers worldwide². One of the largest gaming platforms, Fortnite, generated a revenue of \$5.1 billion in 2020 and boasted an active monthly user base of over 350 million³.

The majority of online games have followed a monthly subscription model to great success. In addition, as the player base grew exponentially many of these games discovered that there was a large demand for cosmetic items called 'skins'. These items would allow players the ability to personalize their in-game avatar's appearance and stand out in the crowd. This has led to the formation of a large secondary market of collectors and traders. Another remarkable by-product has been the birth of Esports whereby career gamers, often with massive sponsorship, compete professionally with other players in Esports leagues⁴. An additional by-product has been the fact that people that come to game together usually wish to 'hang' together and a large number of extra social events have been created, such as the Fortnite Travis Scott concert which attracted 12.3 million players⁵.

During the 2010s cryptocurrencies began their incredible rise to prominence and have since birthed a number of other technologies. One of the most important of these is NFTs. An NFT or non-fungible token is a unique and non-interchangeable unit of data stored on a digital ledger. NFTs can be used to represent easily-reproducible items such as photos as well as more unique types of digital files, for example entire towns within games, as unique items, and use blockchain technology to establish a public and verifiable proof of ownership. Following the explosion in popularity, NFT sales volume reached \$10.7 billion in the third quarter of 2021⁶.

The first blockchain game of note was Cryptokitties. It launched in 2017 on the Ethereum network and allowed players to purchase, collect, breed, and sell virtual cats. Its incredible success coupled with the Covid pandemic, which forced so many to stay at home, caused an explosion of game development. Some of these early games such as Axie Infinity now boast a daily active player base of over 2 million users⁷. In addition, professional gaming studios have begun to enter the space. The current leader in terms of having brought products to market is GALA Games⁸. GALA seeks to be a platform that hosts many different play-to-earn games. The other games we are following closely are Illuvium, Guild of Guardians, Echoes of Empire and Metalcore.



Blockchain games, though still in their infancy, are seeking to disrupt the traditional subscription model and are doing so with great success⁹. With the exception of elite Esports players, the majority of online gamers did not derive any financial gain from the countless hours they spent each day gaming. In fact, on the contrary, as previously mentioned these gamers paid a monthly subscription fee for the privilege. However, in the play-to-earn system they can continue to have the pleasure of a stimulating and captivating hobby while also being able to capitalize financially, should they so desire.

An example of this is the previously mentioned Axie Infinity game where players, represented by three digital pets, battle others and get paid a certain amount of SLP. The SLP can then either be exchanged for fiat currency or used to pay for their pets to breed. They can then either sell the hatchlings on the open market to collectors or other players, or they can set up a profit-sharing arrangement with people, who cannot afford their own pets, called scholars. Axie is only in its first iteration and has already proven to have a robust economy. Another example is the GALA's flagship game, which is now in alpha testing, called Mirandus. Mirandus will be based on a Medieval feudal system whereby land barons rent available parcels in their towns and villages to the likes of artisans. These craftsmen can then forge items such as swords to sell to other players who require them for quests and activities. Innkeepers will be able to rent rooms to players needing rest and food and so on. All the raw materials needed for the businesses will have to be purchased from other players who worked to get these resources from such places as the forest. Chopped wood, for example, will be needed to heat the blacksmith's furnace¹⁰.

The common denominator of all these blockchain games is the fact that the developers are able to raise funds from the initial sale of large assets, such as towns, and thereafter are incentivized to continue to provide support as they earn a transaction fee from the ongoing activities. However, as we have seen with Axie and others, once the game is operational it is the players and investors that run the economy and provide the services, and thus can earn a consistent income. This is in fact the model employed by eCommerce platforms such as eBay and Amazon.

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1. <https://venturebeat.com/2021/07/04/newzoo-game-market-will-hit-200b-in-2024>
 2. <https://www.statista.com/statistics/293304/number-video-gamers/>
 3. <https://www.businessofapps.com/data/fortnite-statistics/>
 4. <https://www.statista.com/statistics/490522/global-esports-market-revenue/#:~:text=In%202021%2C%20the%20global%20eSports.billion%20U.S.%20dollars%20in%202024.>
 5. <https://www.marketingdive.com/news/fortnite-virtual-rap-concert-draws-record-123m-attendees/576781/#:~:text=%22Fortnite%22%20saw%20a%20record%20turnout.Marshmello%20last%20year%2C%20Variety%20reported>
 6. <https://www.news18.com/news/tech/nft-sales-reach-10-7-billion-in-q3-2021-as-crypto-asset-frenzy-hits-new-highs-4286099.html>
 7. <https://www.coindesk.com/business/2021/10/05/axie-infinity-nears-2m-daily-active-users-as-creator-raises-152m-series-b>
 8. <https://btcpeers.com/the-people-of-gala-games/>
 9. <https://restofworld.org/2021/axie-players-are-facing-taxes/>
 10. <https://www.youtube.com/watch?v=xardn-q2bC0>



Ideology

This DAO has been formed with the mandate of pooling funds, expertise and experience in order to seek out and acquire quality assets and to maximize capital gains for our Members while mitigating risk. The DAO will principally focus on purchasing and managing income-producing-gaming-assets. Furthermore, the DAO will create opportunities for its Members who wish to actively manage some of its holdings, such as a tavern, and grant them the first opportunity in a venture (provided they show competency). Additionally, the DAO will seek to leverage its structure so as to potentially find additional revenue streams, such as managing other groups assets.

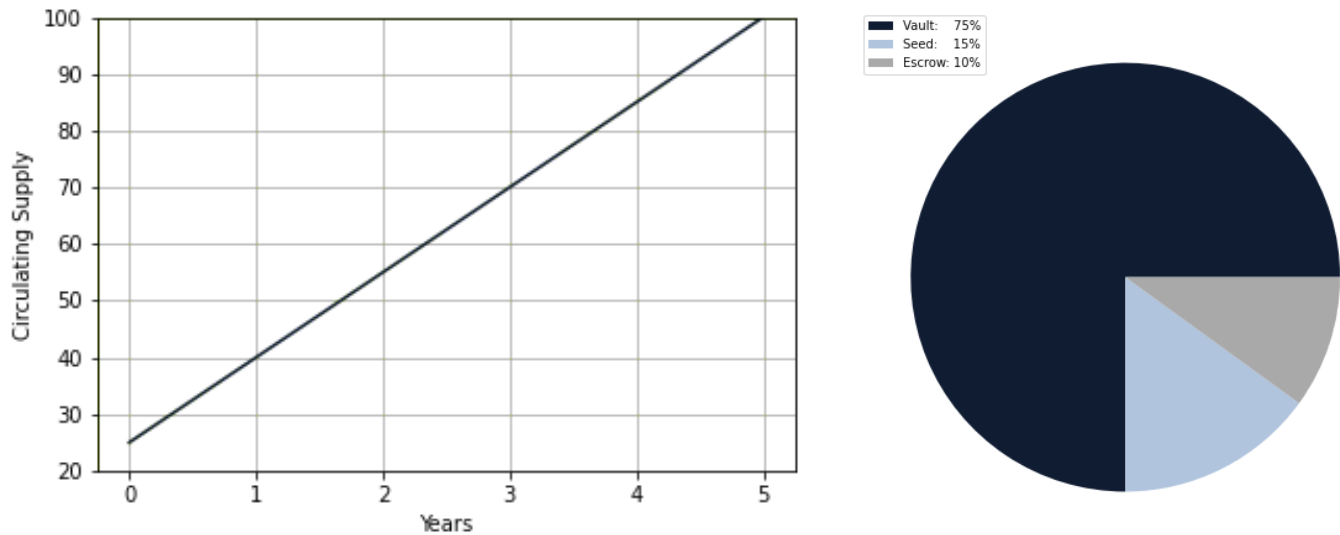
The Members have already witnessed the power of markets of scale and branding in games. Groups that have large holdings and who cultivate a strong and active community have an outsized advantage over their peers. In addition, the DAO will align itself with strategic partners so that it can continually strengthen its brand and income opportunities. The DAO also understands the need to be flexible and adjust to a constantly changing environment. At times the DAO might elect to acquire what the DAO considers to be rare and/or highly desirable collectible NFTs for capital gains, branding and diversification purposes (e.g: a curated art collection).

The DAO will reinvest the revenue generated from actively managing its assets, and if and when prudent the funds raised from selling some of its holdings, into further investing into current ventures and new opportunities. The DAO will also not shy away from using its escrowed funds to buy back its own tokens when it deems them to be undervalued. The DAO's current criteria when screening for quality gaming assets are:

- there is an experienced team and studio behind the game development and management who communicate effectively and build trust with the player base;
- the game is not purely a social platform and must have at least one core play-to-earn mechanism and one or more activities considered enjoyable by gamers;
- it is scalable with long-term income and capital gains potential. The DAO is not looking to invest in 'pump and dumps';
- the game developers have shown they understand scarcity and put caps on how many assets will be released and/or put in place reasonable burn mechanics;
- it has at least a rudimentary mobile version in the works that will allow players from developing nations partial access;
- it is free to play or at least has a scholarship-type program in place; and
- it has an exchange tradable token and is ideally on the Ethereum network.



Tokenomics



Total Supply: The Crown Capital tokens represent governance rights in the Crown Capital DAO. They will be hard-capped ERC-20 tokens with a finite supply of 100 million minted when the contract is deployed. The DAO is committed to staying part of the Ethereum ecosystem however in order to decrease the burden of gas fees its token will be deployed on the Arbitrum network.

The Vault: The Vault will be a smart contract holding 75 million Crown Capital tokens which will stream a fixed amount of Crown Capital tokens over five years to a single address herein called the treasury. The Vault will have limited administrative functionality controlled by a Gnosis safe, which will require 3 of the 5 Governors to sign. This administrative power will only allow the Governors to change the Treasury destination address in case the treasury contract needs to be updated.

The Treasury: The Treasury is a smart contract that will receive the continuous payout from the Vault. The contract will allow stakers and yield farmers to claim these continuous rewards. An additional Gnosis safe will retain an administrative key that will require 3 of the 5 Governors to sign to be allowed to adjust the yield farming rewards should the need arise.



The Escrow: 10 million tokens will be sent to an additional Gnosis safe controlled by the Governors. These tokens will be used for future capital raising. A minimum of \$100 000 worth of Crown Capital tokens & USDC will at all times be retained to ensure a substantial liquidity pool exists. An additional stable coin liquidity pool will be added should the need arise. In addition, until the DAO starts receiving income from its gaming assets the Governors will not receive salaries however, the escrowed funds may be used for basic upkeep, maintenance, marketing and Certik audits, should the need arise.

Pre-seed & Seed Phase: A total of 15 million tokens will be distributed to a Gnosis safe. The pre-seed phase will consist of distributing Crown Capital Tokens to all the genesis members who purchased Crown Capital NFTs. These NFTs represent their respective stakes in the initial five target games (Mirandus, Echoes of Empire, Axie Infinity, Guild of Guardians & Illuvium). These NFTs will be valued based on the current market prices at that time, of the underlying assets they represent, and locked at those prices for five days. The NFT holders will receive an equivalent amount of Crown Capital tokens at a set price of 15c per token. Other investors may purchase Crown Capital tokens or do an equity swap with approved NFTs during this conversion period as well. It is expected that the pre-seed total will be between 6-10 million tokens. Anything not purchased will constitute the seed phase and will be sold to a whitelist at 17c per token, at a date yet to be decided. The initial token listing price on Sushiswap will be 20c.

Staking & Yield Farming: Crown Capital has two potential options available. The ideal scenario is for The DAO to be invited to create a yield farm on Sushiswap using the Miso & Onsen onboarding program for new tokens. Should The DAO be accepted into this program stakers of Crown Capital tokens will be able to earn one of two rewards. Those who just stake the Crown Capital token will receive a pro-rata claim to the daily payout from the Treasury and those who join the Crown Capital token & USDC yield farm (or any other yield farm we approve) will additionally earn the liquidity pool transaction fee plus an additional incentive reward of 10% more Crown Capital tokens than those just staking the Crown Capital tokens. Staking and yield farming rewards will compound and will not be subject to any lockup period. Should Miso not accept the DAO's application, the DAO will still set up our liquidity pool on Sushi swap and provide both one-sided staking and yield farming via our own audited contract.

Timeline: A more precise timeline will be added to this whitepaper as the DAO receives updates from the lead Solidity developer and the Sushiswap team. The DAO is expected to have accomplished the aforementioned process by the end of January 2022.



Governance

Dylan Shub - Founder: ‘raised on art’, Dylan started attending Sotheby’s Auctions at the age of seven and formed his first collection of Royal Doulton character jugs at the age of nine. His formative years were filled with strategy games and collectible cards, such as Magic the Gathering of which he was South Africa’s youngest judge at the age of twelve. He has spent over a decade obsessed with the coming metaverse and ran active roleplay communities in Second Life.

After completing his education, Dylan began managing his family’s investment portfolio as well as working as an independent private banker on behalf of high-net-worth individuals and family offices. In 2009 he co-hosted Israel’s first Wealth management conference with STEP. Since 2012 he has been a passionate investor in traditional collectibles and in recent years has shifted his entire focus to NFTs and blockchain games.

Board of Governors: The DAO will be represented by the Board of Governors, which will consist of five Governors. The Board of Governors’ primary function will be to oversee market analysis, formulate proposals to be voted on by the Members, act as trustees, appoint and oversee management, propose compensation and oversee accounting. Governors will be expected to make themselves regularly available for Board meetings.

The Board of Governors can only validly deliberate and resolve if at least five Governors are present at the beginning of the meeting. If the attendance quorum required by this article has not been reached, a new Board of Governors meeting shall be convened with the same agenda no sooner than two days and no later than four days after the previous meeting. The new and second meeting of the Board of Governors may validly deliberate and resolve provided a majority of Governors are present or represented.

Governors may only be validly represented by other Governors, it being understood that a proxy may only be granted in writing and for a single meeting of the Board of Governors and that each Governor may only represent one other Governor.

Unless stated otherwise, the Board of Governors will resolve by seeking consensus regarding the decision at hand. If no consensus can be reached, the Board of Governors shall resolve by simple majority of the votes, except in the case of a vote of no confidence, as mentioned below.

If at a meeting of the Board of Governors it appears that a decision cannot be taken with regard to a proposal due to a tie vote, the matter shall be further discussed amongst the Governors after expiry of a cooling-off and reflection period of three days following the date of the meeting.

Then, on the fourth day following the date of said first meeting, a second meeting of the Board of Governors shall be convened (where consensus shall again be sought) at which said decision shall once again be deliberated upon by the Board of Governors.



In the event of a repeat of the tie vote on the proposed decision at the second meeting of the Board of Governors, the proposal shall be referred to the general vote of the Members which shall be convened in accordance with the below-mentioned protocols. The Members will at that point be entitled to resolve on the proposal by a simple majority of the votes cast (ie 50% plus one) in accordance with the below-mentioned protocols.

Electing Governors: Once the first board has been elected it will be the board's duty to decide on its new chairperson. After the Pre-seed phase has been completed a nomination process will begin whereby any Member may contact the Founder to request to be added to the candidate list for the Board of Governors. Candidates will be expected to submit to KYC verification. Any candidate that is elected to the Board of Governors will be required to have a photograph of themselves and one or more summary paragraphs listed on the DAO's website. One week after the Pre-seed tokens have all been issued a board nomination proposal will be posted on Snapshot with the verified list of nominees. Four candidates will be elected using the ranked-choice voting system whereby the candidates who receive the most proportional votes will be elected to the Board of Governors.

Thereafter every six months one of the Governors will come up for reelection starting with the Founder and followed by the Member who received the highest number of votes and so on. At that time a vote will take place asking the Members a simple yes or no if they are happy with the relevant Governor. Should 50% plus one vote 'yes' the Governor's mandate is renewed. Should the vote be 'no' the nomination process will begin again. Any Member can submit themselves for nomination and go through a KYC verification process with all of the remaining Governors. An election will take place with all verified candidates one week after the previous no vote. Here too the ranked-choice voting system will be used. Should one candidate receive 50% plus one or more votes they will be appointed to the Board of Governors. Should no candidate receive a majority then a runoff will take place two days later between the top two candidates.

Should a Governor choose to resign, be mentally or physically unfit to continue their mandate or disappear for more than four days, whereafter a reasonable effort has been made by the remaining Governors to locate the missing Governor, the nomination process will begin again to elect a replacement. Furthermore, should three Governors bring a vote of no confidence against the competency of another Governor the election process will begin again however the Governor in question may not stand for election for a period of six months. In a situation whereby three of the Governors feel another Governor or anyone in a management position is engaged in fraud, theft or sabotage against the DAO, they may immediately revoke the custodial powers of said person(s). Additionally, an independent tribunal of three non-DAO members who have both legal and gaming experience will be proposed and voted on. The Tribunal's job will be to review evidence collected and its findings will be made public to the DAO once complete. The Board of Governors will then put forward proposals to work out a reasonable recourse and if and when necessary contact the relevant authorities.



Voting: All DAO voting will be done via Snapshot; this includes meetings of the Board of Governors, with the exception of the fraud, theft and sabotage clause stated above. Any Member may bring a vote proposal to the Board of Governors who will then decide whether to make it a formal vote. In addition any Member has the right to put forward a proposal on snapshot. Should 10% or more of the Members agree with the proposal the Board of Governors will issue a formal vote. A formal vote will require that a date be set for the amendment to be voted on that is no less than two days and no more than four days after the amendment was requested. An announcement will be placed on the website as well as in the relevant Discord channel. As Snapshot allows for many types of voting it will be up to the Board of Governors to decide the most appropriate format for a vote such as single choice voting or quadratic voting.

General Voting Process of The Members: every vote will run for no less than two days and no more than a week. In order to hold a vote validly a quorum is required. In the case of the general vote of the Members the quorum is met when 50% plus one of outstanding Crown Capital tokens have voted. Tokens held by the Treasury, Vault and Escrow will not be counted towards any voting total. Should the necessary quorum not be met by the Members, the voting process will begin again no less than one day and no more than three days thereafter. In case the quorum of the general vote by the Members is not met at the revote, then the proposal will pass with 50% plus one of the total number of votes cast at this revote. The blockchain gaming space is however evolving at a rapid pace and often decisions need to be made quickly. The Board of Governors will thus strive to get a clear ideological mandate from the Members so that they can govern according to the majority's interests. Whenever a matter is not deemed to be time sensitive or part of regular day to day operations, a formal vote must occur.

Escrowed Funds: All liquid funds will be held in a basket of stable coins and other crypto assets as the Members see fit. In the case of time sensitive decisions the Board of Governors may spend up to 20% of all escrowed funds. Said 20% of all escrowed includes all held Crown Capital tokens. With regard to NFTs, the Board of Governors may sell no more than 10% of the DAO's holdings without prior approval of the Members. Once complete they will then transfer the remaining funds and NFT assets to the appropriate custodial accounts.

Communication: the DAO will maintain a Discord server with channels for all verified Crown Capital token holders. There will be a voting channel for Members to discuss proposals and a lounge for general discussions. In addition, there will be an announcement channel and a Governor's channel where Members will have view permissions. The Discord is a privilege and not a right as such the Board of Governors reserves the right in extreme cases to ban Members from the Discord however, they will not take said decision lightly. Members will always have access to Snapshot.

Security: A general vote may not be proposed to change the following: a vote of no confidence may only be proposed by the Board of Governors; should the DAO ever elect to distribute dividends or funds from the sale of any of its assets; all distributions will be prorata to Members' holdings; and that 3 of the 5 Governors are required to sign Vault, Treasury & Escrow transactions.



Best Practises

The crypto space is experimenting with new and exciting technologies and is only just beginning to develop best practices for governance, security, etc. This DAO will strive to be a leader in this regard.

Right of first refusal: This DAO believes in forging a strong community, taking care of its own, and creating amazing opportunities for its Members! To that end Members will always be presented with job opportunities first prior to seeking out external parties.

Transparency: A full and up-to-date list of the DAO's holdings will be maintained on the DAO's official website. <https://www.crowncapital.xyz>. Additionally, all Snapshot votes will be viewable by the public. Beginning no later than March 2022, the DAO will commit to maintaining accurate bookkeeping with quarterly reports posted. The DAO will also subject itself to an annual audit by a reputable accounting firm. A Certik audit will be done if and when deemed necessary to make sure that our contracts and code remain secure and viable. The Board of Governors and those in management positions will always make the Members aware of any conflicts of interest they may have as soon as such conflict of interest arises. In the case a conflict of interest arises at the Board of Governors, the non-conflicted Governors will at their discretion decide whether the conflicted Governor(s) may vote on the proposal at hand. Anyone applying for any job with the DAO or for nomination to The Board of Governors shall disclose said information, as well.

Custody: Whenever possible Gnosis safe multi-signature wallets, or another reputable option, will be used. The wallet will require three of the Governors to sign off on. In the case of custodial accounts such as those deployed by GALA Games, the seed phrase will be split between two sets of two Governors. Those two groups will also split the login and transfer codes as well as the 2FA. Whenever new Governors are elected the multi-signature wallets will be updated with the current list of Governors and new custodial accounts will be set up and the assets transferred at the DAO's expense. The principal email address(s) will be managed by the Board of Governors Chairperson and the recovery email address(s) will be that of the most senior Governor, which is defined as the Governor who has served the longest term or who received more votes in a case where two have served for the same length of time. When multi-signature and custodial options are not possible, such as in the case of Axie Infinity or when funds are needed for an NFT drop, the seed phase will be divided between the aforementioned two groups and the password login granted to the relevant Governor(s) overseeing that game. Whenever possible and prudent to do so, assets will be divided over multiple accounts provided there is no significant advantage to having all the assets under one account. The Board of Governors will be expected to keep up to date with the best security protocols available.

This document was last updated on the 26th of December 2021

