

ABOUT THIS DOCUMENT

This is an early version of the white paper where we aim to highlight a twofold problem: 1. the global "pink economy" of the LGBT community being neither properly utilized nor clearly defined and 2. nonprofit and charity funds not making it directly into the hands of the most marginalized and oppressed within the LGBT community, then work with the community to create real-world solutions.

While this paper highlights key areas and technologies that we feel will provide a crucial foundation for those solutions, this is first and foremost an invitation of participation.



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Executive Summary

January 12, 2018 saw the launch of the LGBT Foundation, a not-for-profit organization that aims to harness the power and potential of blockchain technology – alongside other technological innovations – for the global good of the lesbian, gay, bisexual, and transgender community.

The LGBT Foundation will conduct an Initial Coin Offering (ICO) in the first quarter of 2018 to raise funds and allocate cryptocurrency tokens (LGBT Tokens) to individual participants. A blockchain-based LGBT Token will not only empower and connect LGBT businesses around the world, but also protect LGBT community members' identities in a safe and secure environment.

Blockchain technology offers significant potential to transform society and commerce. As a digital decentralized ledger, it can facilitate transactions without either party needing to trust or know the other and is inherently secure, with the information held on a network of computing devices which collectively store and verify changes.

The LGBT Foundation recognized the potential of blockchain technology to protect and further advance the rights of the LGBT community across the globe. By tokenizing the Pink Dollar, the LGBT Foundation will be able to support three principle goals:

- allocate resources to tackle repression, discrimination, and inequality;
- enable members to verify and protect their identities;
- demonstrate and exert the economic might of the LGBT community;

The power of the Pink Economy cannot be underestimated. If the LGBT community were a country, with 4.6 trillion USD in GDP, it would be the fourth biggest economy in the world. Efforts of the LGBT Foundation will make this global economic muscle tangible and visible – providing businesses with a way to access and engage with



members of the LGBT community, and enabling the community to wield its economic strength.

Resources from the LGBT Foundation will be allocated carefully on an ongoing basis to actively support members of the LGBT community in instances where they are vulnerable, distressed, or suffering from inequality – this can include financial assistance to support political activism, as well as logistical and operational support, depending on the particular requirements.

The LGBT Foundation is initiated by Hornet Networks, one of the world's most popular social networks for gay men that boasts more than 25 million users worldwide. However, the intention is that the LGBT Foundation will evolve into a self-governing body run by and for members of the LGBT community, and which directs its activities, resources and members to the benefit of the international LGBT community.

We therefore encourage and seek involvement and contributions from individuals and organizations across the LGBT community to shape the future of the LGBT Foundation.



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Introduction

In recent years, the LGBT¹ community has reached an inflection point with an increased number of society segments and governments becoming more accepting of and providing equal rights to LGBTs. The work of many organizations and individuals fighting for LGBT rights is one driving force behind this progress. Another is that an increasing number of corporations worldwide are now openly supporting diversity and inclusion, understanding that corporate social responsibility is fundamental to the operation of their business, and that it is an important matter to their customers.

Progress for the LGBT community has become visible through landmark events, such as:

- Legal recognition of marriage equality in 26 countries including the United States of America, Australia, Colombia, and South Africa, and soon with Taiwan and Austria to follow:
- the emergence of publically open LGBT politicians in senior leadership roles, such as Jóhanna Sigurðardóttir, the Prime Minister of Iceland, in January 2009 and Leo Varadkar, the Irish Taoiseach, as of June 2017;
- apologies and rehabilitation issued to victims of anti-LGBT discrimination, such as
 Justin Trudeau's \$100M pledge to gay purge victims in Canada in 2017 or the
 Royal pardon of Alan Turing by the Queen of England in 2013;
- the supportive stance of a large part of the international community toward eliminating remaining anti-LGBT laws and constraining leaders in less progressive countries, most visibly in the United Nations Human Rights Council's 2011 Resolution on LGBT Rights and General Assembly declaration of LGBT rights, signed by a combined 99 member states, and;
- improvements in treatment, cure, prevention, and increased de-stigmatization of HIV/AIDS, such as the FDA approval for Truvada as pre-exposure prophylaxis (PrEP) in 2012 and Prince Harry's continued call to de-stigmatize HIV in 2017.



¹ LGBT or LGBTQ, LGBTQI or LGBT+ includes Lesbians, Gays, Bisexual, Transgender, Queer, Intersex, and other communities defined by their sexual self-identification. For simplicity we refer to it as LGBT but explicitly want to be as inclusive as possible.

This hard work is far from over. There are still many countries in which openly identifying as LGBT results in massive repercussions or even life-threatening consequences. Even in countries where the legal basis appears equal, the reality is often different—discrimination, bullying and worse are experiences on which nearly every member of the community can give a firsthand report.

Understanding The Challenges

While there are many complex factors that contribute to discrimination against the LGBT community, from societal legacies like religious fundamentalism to more specialized issues like whether or not to allow transgender students to use the bathroom of the sex of their choice. But where we see an issue that can be tackled and solved with a potential solution, we feel it's our obligation to try. Thus, one such initial challenge we aim to solve is that both the size of the global community and the power of the worldwide pink economy are neither clearly defined nor understood. It is difficult be to quantify exactly the LGBT population, especially since those studies that do exist rely on respondents self-identifying as LGBT or voluntarily reporting their sexual orientation and behavior. Clearly, respondents' willingness to do this can vary considerably by country, region and age group. It has also been observed that in anti-LGBT environments, members of the LGBT community may frequently be held back from full economic participation (i.e. joining in the labor force or gaining job promotions), which restrains their spending power.

Furthermore, the power of the pink economy has traditionally been clustered around the consumer interests of affluent, white gay men. The full spectrum of sexual orientations and and gender identities with the LGBT community has not, to date, been represented or recognized by corporations on anywhere near the same scale as that group. There is a pressing need for all in the LGBT community to be properly



represented, and for their full economic participation to be realized. As such, the untapped potential of the pink economy is not as forcefully utilized as it could be, if further developed, to help advance equal rights where it can and safeguard the community where it can't.



It is now time for the LGBT community to take full control over their destiny by leveraging their economic might, unleashed by technology innovation, to double down on their rightful pursuit for equal rights and full acceptance.

Christof Wittig, Founder and CEO of Hornet



Estimating The Size Of The LGBT Community

Public polls and studies carried out by statistics agencies in advanced economies such as the U.S. and the UK have concurred that between 3 and 6 percent of the adult population identify as LGBT. A study carried out by Gallup² in the U.S. in 2017 found an average of 4.1% of U.S. adults (10 million in total) identified as LGBT, with over 7% of millennial-aged respondents identifying as LGBT. When applied on a global scale to the world's adult population (16 years+) of 5.3 billion, the 3-7 percentage range gives an LGBT population estimate of between 160 million and 373 million adults globally. Putting that into perspective, if the LGBT community were a country, it would be the third-largest in the world by population, ranking behind only China and India.

If the LGBT community were a country, it would be the thirdlargest in the world by population, comparable to the U.S.







ADULT POPULATION LGBT COMMUNITY ††† 160-370 MIO



 $^{^2}$ Gates, Gary J. (2017, January 11): "In U.S., More Adults Identifying as LGBT." Retrieved December 17, 2017 from http://news.gallup.com/poll/201731/lgbt-identification-rises.aspx

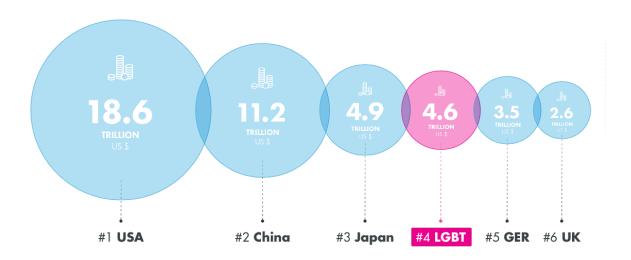
Understanding The Power Of The Pink Economy



Taking the 3-7% range, applying it on a global scale and multiplying it by the world average GDP per capita of \$12,430, that would result in an LGBT community GDP equivalent of between 2 and 4.6 trillion USD. However, the LGBT Token could prove fundamental in revealing the true scale of the LGBT population and in helping it achieve the equality and recognition it deserves.

Peter Jordan, LGBT Consumer Trends 3

The size of the LGBT community translates directly to major global economic impact. In terms of economic power, as a percentage of global GDP per capita⁴, the LGBT community could account for up to \$4.6 trillion. At the upper range, this places the spending power of the pink economy on a level greater than the GDP of Germany. In other words, it could be the world's 4th-largest economy⁵.



³ https://genctraveller.com/



⁴ https://esa.un.org/unpd/wpp/

⁵ See "List of Countries by Projected GDP", retrieved from http://statisticstimes.com/economy/countries-by-projected-gdp.php

The disposable income and earning power of the LGBT community continues to grow—at least part of the community. University of Washington's Marieka Klawitter's 2014 study determined that lesbians earn a premium of 9% more than heterosexual women. A recent study by Vanderbilt economists Christopher Carpenter and Samuel Eppink discovered that gay men who were employed full-time made on average 10% more than their straight male counterparts.

Many businesses are missing out on opportunities by not understanding and taking into account this spending power and properly addressing the needs and concerns of the community. More and more industries are only just starting to understand that the community can make up significant portion of their income, e.g. up to 10% in the travel industry. As Joint United Nations Programme on HIV and AIDS researcher Erik Lamontagne summed up succinctly, "In simple terms, the more homophobic you are, the more and more it will cost your economy." The "pink dollar" often looks like any other dollar to them, which is a mistake. Marketers routinely underestimate the strong loyalty of members of the community and how much it drives purchasing decisions due to a lack of data. While numerous studies have demonstrated that LGBT consumers show loyalty to specific brands that recognize and appeal to them directly, to date, economic activity has only been identifiable in specific sectors of the economy, such as fashion, entertainment, technology, travel, healthcare or financial services. In truth, a much greater pink economy exists and its scale and potential are yet to be fully revealed.

It is therefore our mission to utilize blockchain technology with our LGBT Token in order to illustrate the power of the pink economy on a global scale and, by doing so, help the LGBT community tap into that power in order to advance its progressive goals through our LGBT Impact initiative.



⁶ https://mic.com/articles/148935/researchers-calculated-the-economic-cost-of-homophobia-and-the-numbers-are-staggering

Inequality And The Status Of The Global LGBT Community

As outlined earlier in the introduction, there have been a number of positive developments for the LGBT community in recent years. Nevertheless, marginalized subgroups within the LGBT community are still struggling with a unilateral lack of acceptance, directly translating to poor economic status and trouble finding resources and help. Transgender members of the community face the highest amounts of discrimination, and recent studies have shown black transgender and gender non-conforming people face the most severe degree of discrimination and bigotry of all, certainly in the U.S. and arguably elsewhere.



Fig: Chechnyan police has been engaged in systematic entrapment of gay men in 2017. The community, supported by Hornet, the market leader for gay apps in Russia, has been shedding light on this deprivation of rights and harm inflicted on LGBTs, and has helped to evacuate up to 70 men into safety, possibly saving their lives ⁶ (Photo by Valya Egorshin/NurPhoto via Getty Images).



⁷ https://hornetapp.com/stories/hornet-chechnya/

In a breakout report from the National Center for Transgender Equality's U.S.

Transgender Survey (USTS) ⁸, which aggregated data from 27,715 respondents nationwide, 796 black or African-American transgender or gender non-identifying respondents clarified the stark reality facing them. Among the findings for this group, the report found that:

- **20% of respondents were unemployed**, twice the rate of black people in the U.S. population and four times that of the U.S. population overall
- 42% had been homeless at some point in their lives, compared to 30% of the USTS sample overall
- **38% were living in poverty**, compared to 24% of black people in the U.S. population
- **53% have been sexually assaulted** at one point in their lives, compared to 47% of all USTS respondents
- **6.7% were HIV+**, nearly five times the rate of the USTS sample and 20 times the U.S. population

The growing acceptance of the LGBT community has not yet reached the most marginalized within the community and those living in the most oppressive areas of the world. While 26 countries now recognize marriage equality, in 71 countries (37% of United Nation member states) it is an outright crime to be gay or partake in same-sex sexual activities. In eight of those countries, the death penalty is the official legal punishment for being gay: Iran, Iraq, Nigeria, Saudi Arabia, Somalia, Sudan, Syria and Yemen.

The growing acceptance of the LGBT community has not yet reached the most marginalized within the community



⁸ http://www.transequality.org/sites/default/files/docs/usts/USTS-Black-Respondents-Report.pdf



Fig.: LGBT rights by country and region. Based on https://en.wikipedia.org/wiki/LGBT_rights_at_the_United_Nations.

In major geographic regions of the world, there is still rampant legal discrimination against and violence toward those in the LGBT community, most notably the Middle East, Africa, and parts of Asia and Eurasia. Of United Nations member states, 99 have signed either the UN General Assembly declaration of LGBT rights or the 2011 resolution on LGBT rights by the Human Rights Council. However, 54 members supported a counter-declaration opposing LGBT rights in 2008 and another 44 members have remained stubbornly neutral and silent on the issue of LGBT rights. What's more, this reluctance to take a clear stand makes it all too easy for these countries to regress in LGBT rights if and when those rights become convenient lightning rod issues for whatever politician or party is in charge (for example, the recent developments in both Russia and Nigeria).

We believe that with LGBT token, and the extension of its charity arm, LGBT Impact, we can effectively begin to address these issues.



How Blockchain Can Help





The LGBT Token

LGBT Token is cryptocurrency with the primary goal to tokenizing the pink economy with blockchain technology and thus bridge the gap between the industries that already profit from the LGBT community and the community itself, so both parties can improve their operation. The LGBT Token is proposed to be issued by non-for-profit foundation ("Foundation"), as an ERC-20 compliant token running on the public Ethereum platform 9.

We will establish the LGBT Foundation to issue and govern the LGBT Token, based on Ethereum and the ERC20 Standard

The second goal of LGBT Token is to establish the **LGBT Impact** program, which will allocate a portion of the LGBT Token each year to supporting and creating charitable causes and foundations within the LGBT community that advance the rights of and help safeguard the community.

To achieve this, LGBT Token will have three layers of utility for its users and the LGBT community:







SECURE IDENTITY



LGBT IMPACT



⁹ https://en.wikipedia.org/wiki/ERC20

1. Economic Transactions Creating Economic Power

LGBT apps and services, like Hornet and its peers, today already constitute an \$100M economy trading in virtual goods and services. ¹⁰ These activities can be transformed from fiat to cryptocurrencies. By being able to access LGBT buyers and sellers of goods and services, any business trading with the LGBT community can join this economic realm, whether it is a local promoter selling tickets to an event, or large brands incentivizing community members to test their products and services. With adoption of the LGBT Token, today's \$100M market can quickly grow as an identifiable and bespoke economy that doesn't know borders but respects each individual member's right to both their sexual identity and privacy in three major ways.

LGBT apps and services today already constitute an \$100M economy trading in virtual goods and services.

Make The Pink Economy Visible

As explained before, only a few companies in a few countries have fully understood that catering to the LGBT consumer is of huge economic benefit. Most of those efforts have been clumsy and are difficult to deploy for smaller suppliers of goods and services, especially if they operate in less liberal countries. Only recently have companies started to develop products that cater to the specific needs and concerns of the LGBT community, such as in financial services, hospitality and healthcare. By way of example, it would be expected that the majority of corporate executives could provide a breakdown of their customer demographic by reference to age, provenance, or income, but it is unlikely they would be able to specify the percentage of their business that stems from the LGBT community.







By participating in the pink economy outright, however, these companies can, in an easy and meaningful manner, directly reach the LGBT community to treat LGBT consumers with the right level of attention they welcome and deserve. The LGBT Foundation will use the publicly available blockchain data to visualize the growth and usage of the LGBT Token to educate businesses and countries to accelerate their interaction with and economic inclusion of the LGBT community. Once established, LGBT Token will then use its own internal data to help establish marketing and demographic patterns to even further define and understand the pink economy.



Payment Method	Fee Structure	Rewards
Fiat currency via VISA or similar	approximately 2% of transaction	Varies by Card, personal benefit
Bitcoin	Absolute Fee, >10 USD	none
Ethereum	Absolute Fee, ~1 USD	none
LGBT Token	As Ethereum or lower using off-chain solutions	LGBT Impact

Establish A Global Currency

Today, the pink economy is most visible in endemic businesses such as gay bars, LGBT cruises, or dedicated fashion stores, and digital businesses are confined to a handful of LGBT apps and services such as Grindr, Hornet, or Her. A global LGBT-centric digital asset would help to empower and connect LGBT businesses around the world, establish an economic identity and shared infrastructure, provide protection and support in countries that still suppress LGBT rights and enable the pink economy to not only grow faster, but also give back to the community and support LGBT rights globally.

A global LGBT-centric digital asset would help to empower and connect LGBT businesses around the world

This is especially important for a community that crosses borders in a literal and metaphorical sense. Instead of relying on existing payment methods, by establishing the LGBT Token as a global digital asset, the LGBT Foundation can define how fees and increased circulation can be used to help the LGBT community.





Make Token Usage Practical

Blockchain technologies have been around for a long time, yet most cryptocurrencies serve more as speculative assets than practical solutions to change people's lives. We strongly believe that a cryptocurrency is only valid if it is usable. Too often cryptocurrencies are held back from achieving wider use and acceptance because, the very people holding those currencies are not spending them. This is a temporary problem, but one that is still very much the reality at the time of writing of this paper.

To create a healthy velocity of adoption, we plan to streamline the process by moving existing rewards models from the launch partners to LGBT Token. This seamlessly integrated approach will create a user-friendly experience and significantly lower the barrier of entry that currently keeps other cryptocurrencies from being used in a practical and tangible way. By making sure that users have a predictable and reliable source on how to get new tokens they are more likely to spend the tokens.



What's more, a portion of tokens will be set aside to be used by current and future Foundation members as they see fit to reward users that support the products. While they can be used to purchase services with the apps of the launch partners, the Foundation will actively promote the usage of tokens outside, as well. This includes, but is not limited to:

- Providing plugins for ecommerce stores to accept LGBT Token as payment
- Providing devices for locations to accept payments using LGBT Token

Hornet has trusted and longstanding relationships with numerous gay event locations in several major cities. Our launch partners and advisors each bring incredible networks to the Foundation that will help establish the LGBT Token as a regular form of payment. Thus, the LGBT Token will be usable in a real, daily life sort of way. We believe that this is key to the success of the LGBT Token and will help cryptocurrencies in general by providing more real world examples of how it might be used.

2. Identity Recognition And Protection

One of the core ideas behind blockchain is to eliminate centralized storage of sensitive data and give the control of this data back to the user. Identity protection has been a major issue for the LGBT community for many years. Establishing a decentralized and secure way of giving every member of the community full control, without the risk of being controlled or abused by governments or corporations, is central to this proposal. LGBT Token will allow each member to not only define what is stored on the blockchain, but also to have full control of that information and who is allowed to access it. This is vital as, without being able to identify as part of the LGBT community while still keeping

The idea is to have a digital identity that is unique and stored decentralized and will be used by the launch partners in a respectful way to honor and protect your physical identity.



individual identities protected, LGBT members may not feel secure enough to act as a member of that community.

Community Recognized Yet Individually Protected

Could our mission be accomplished with an existing technology or currency? No. We believe that the LGBT community, its members' identities, the rule of trade, and the allocation of funds to further LGBT Impact causes should be self-governed by the community and cannot be a derivative of a project with a different mission or uncertain prospect of survival.

It cannot be guaranteed that any outside state or corporation, or a foundation with a different mission, would be as good a steward of the privacy of the members of the LGBT community as that community itself. By allowing for unique identification within the LGBT community, yet keeping that information out of reach for governments or corporations, the trust required for the community to adopt LGBT Token is strengthened. This community recognized yet individually protected identification is unique to LGBT Token and key to its rapid mass adoption.

3. Impact Through Funding of Progress

As an example, a recent wave of detention and torture of gay men in Chechnya beginning in February 2017 has become so outrageous that it has attracted the attention of and action by activists and financial supporters. As a market leader for gay apps in Russia, Hornet has been at the forefront of this effort, providing extensive coverage and education about the situation. But it also provided on the ground and behind-the-scenes work to evacuate up to 70 Chechen men to safety.



LGBT Token would make sure that emergency tokens is available immediately. This will literally save lives.

Not all such acts of oppression draw such a level of attention, however, but remain in the shadows. A response today mainly consists of media coverage, possible and likely partisan social media outrage, and hopefully grassroot initiatives supported by individual donations or occasionally larger grants. In the future, we envision that any such incidents of oppression of rights of LGBTs should be identifiable (who are these victims, how many are there and how can we reach them without endangering them?), and we should be able to allocate and quickly transfer valye in order to make an immediate and meaningful difference on the ground. It is nice to put a sad face on articles reporting such prosecution on social media; awareness is key. We believe, however, that it is even better to also transfer within hours \$20,000 to the exact victims, allowing them to organize transportation and security to reach safer pastures before they get injured or worse.

LGBT Token would make sure that such emergency tokens are available immediately, that further tokens can be mobilized quickly, that these tokens can be transferred across borders without hassle or undue cost, and that they reach exactly the right targets, without risk of abusing the fluid LGBT identity for double dipping or unscrutinized embezzlement of such funds. Now imagine if that entire process, from an initial call for help right up to purchasing plane tickets or travel fare to evacuate, could be achieved using LGBT Token; one's sexual and gender identity and purchases would be protected and private throughout. It will, quite literally, save lives, but it's just one of the examples by which we could illustrate the numerous ways in which LGBT Impact can make a tangible difference in the lives of LGBT community members, no matter where they are.

LGBT Impact is the inherent and powerful funding mechanism for causes of importance for the LGBT Community in their quest to achieve equal rights and acceptance.



Launch Partners / Testimonials

Hornet is the initiator and a founding member of the LGBT Foundation. We are in the process of selecting other launch partners from the LGBT community, who are interested to implement the LGBT Token into their business. Furthermore, we are building a roster of opinion leaders in the LGBT and cryptocurrency communities to advise the founders on this project and endorse its mission and the proposed implementation.

The Foundation invites everyone to contribute to the project

The Foundation invites everyone to contribute to the project and specifically invites and financially supports launch partners who can help jumpstart the adoption of the Token and the resulting economy. Such partners may be mobile apps, online services or traditional offline, brick-and-mortar businesses like stores or event locations, large brands or individual providers. Everyone is invited as long as they subscribe to the mission of equal rights and acceptance for the LGBT community and the proposed self-governance.



At Hornet, we pursue the mission to give the gay community a digital home. We strive to foster meaningful connections between its members, to foster collaboration for the greater good, and to give advertisers a brand-safe access to the huge purchasing power of the community

Christof Wittig, Founder and CEO of Hornet



Hornet - Gay Social Network

Hornet has been a leading innovator in the gay community since 2011 and is the proud original sponsor of this proposal. It was born to create more meaningful ways to connect members of local gay communities, and has since evolved to a social lifestyle app, connecting people, listing events and locations, participating as a media outlet, giving advertisers access to the community, and actively supporting both local communities and global events.

Hornet is the number one gay app in a dozen countries, such as France, Brazil, Taiwan, and Russia, and rapidly growing in many other markets including the United States.

Hornet's network boasts 25 million users, with over 4 million of them monthly active, generating over \$10 million USD in revenue this year.

Hornet identifies as much an advocate as a technology leader and is always looking for ways to use technology to empower and protect the members of the community. The engagements range far: support for underprivileged communities like Casa Um, a shelter for LGBT youth in Sao Paulo¹¹, or the Voguing community giving identity especially to people of color in Paris¹²; health protection with the KYS feature, an industry first¹³; educational videos about the effects of machismo on Latinos¹⁴ or research with the Johns Hopkins School of Public Health's efforts to better estimate the size of the LGBT community; trips, local outreach, and international press to highlight situations in countries like Chechnya, Indonesia, or Egypt; support for the gay Gotham Knights Rugby Football Club in New York City or the successful first bid by Hong Kong for an Asian city to host the Gay Games in 2022, and many more.



¹¹ https://hornetapp.com/stories/casa-1-lgbtq-shelter-local-landmark

¹² https://hornetapp.com/stories/voguing-balls-paris-documentary

 $^{^{13} \,} https://love.hornetapp.com/blog/2014/12/11/leading-gay-mobile-app-takes-major-steps-to-raise-hiv-awareness-among-its-4-million-members$

¹⁴ https://hornetapp.com/stories/pepe-mexican-youtuber-machismo

As a result, Hornet is the only private company to be invited as Founding Member of the United Nations Global HIV Prevention Coalition¹⁵, side by side with 30 nations and NGOs like the Bill and Melinda Gates Foundation.

With this background, Hornet found the recent innovations in blockchain to be a perfect boost for the benefit of the whole community. It funded the initiation of the LGBT Token project with substantial budgets and rallied partners and advisors to secure its successful launch and adoption.



More Launch Partners to be announced shortly



 $^{^{15} \,} http://www.unaids.org/sites/default/files/media_asset/towards-global-HIV-prevention-coalition-and-road-map_en.pdf$

Setup

Sponsorship By Hornet

The LGBT Token initiative has been started and initially been sponsored by Hornet Networks Ltd, a company based in Hong Kong. All associated costs for the creation of assets like this paper and the required infrastructure are being funded by Hornet and its shareholders. Hornet will lead the implementation especially in the early months of the Foundation and will serve as a first killer app of the proposed cryptocurrency platform. It is, however, the declared goal of Hornet to give the power of the Token to the community. Hornet is well aware that a project for the good of the LGBT community can only be initiated by an LGBT technology leader like Hornet, a gay social network, but cannot be governed by it as it includes larger and larger parts of the community. To that end, Hornet has registered the LGBT Token Foundation and has placed the governance of the Token entirely into the hands of the Foundation.

The LGBT Foundation

The LGBT Token will be issued by the LGBT Foundation, an organization to initiate, develop and foster the ecosystem of the token. The Foundation will administer the supply and ensure a healthy economic model for the users and partners. It will also provide the necessary infrastructure to operate a fully decentralized and autonomous network.



Usage Of The LGBT Token By The Launch Partners

Hornet

Hornet helps its users to foster meaningful social connections. It offers premium features and functions, such as "Who Checked You Out" for users subscribing to a premium membership, which is either purchased through an app store like Apple iTunes or Google Play, Hornet's website, or by redeeming rewards (see below).

Hornet also sells advertising space in the app and on their website to premium advertisers through a direct salesforce, headquartered in New York City, or through advertising networks and exchanges all around the globe. Directly and indirectly, many major brands like Verizon, GlaxoSmithKline, Iberia, Hilton, Uber, Apple are using Hornet's massive audience reach on a social mobile channel to attract the pink dollar.

Hornet pledges to implement a digital wallet based on the LGBT Token as soon as the platform is ready to launch, instantly catapulting millions of users into the crypto community and empowering them to play their hand in a safe yet meaningful way, economically. Specifically the wallet will allow users to view their balance, based on blockchain and sidechain entries, review transactions, link to earning and spending opportunities for LGBT Token, and allow to transfer LGBT Token for a small fee between its members.

Furthermore, Hornet pledges to migrate its existing Reward program for community contributions from current "Perks" to LGBT Token..

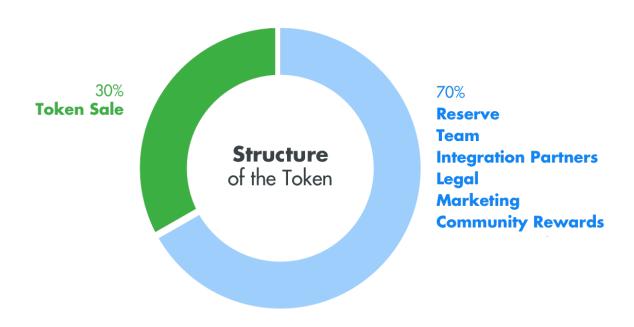


Usage by additional launch partners to be announced shortly



LGBT Token Issuance and Token Sale

A fixed number of tokens will be distributed to the public in exchange for Ether contribution. Additional details about the token sale will be announced on the website and the official channels of the Foundation. The Foundation will issue a total of 1,000,000,000 tokens of which 300,000,000 will be offered during the initial token sale. Additional tokens will be distributed as follows.



Reserve

A significant portion of the tokens will stay in reserve to be allocated or offered at a later stage, depending of the market situation and adoption rate. The reserve will be governed by the advisory board and will remain locked for at least 12 months.



Community Rewards

To kickstart the ecosystem of the launch partners and future Foundation members, an amount of 50,000,000 tokens will remain in the Foundation and will be granted to the users of the participating partners. This will allow each each app or community to immediately utilize the tokens and to move existing reward programs seamlessly to the LGBT Token.

Integration Partners / Legal / Marketing

Advisors

5% of the overall Tokens are reserved for current and future Advisors of the LGBT Foundation. The tokens will be in lock-up and are bound to milestones..

Team

The Team Tokens are used in two capacities. They are a reward for the hard work of many people that made this paper happen, but they are also meant as an incentive for future employees of the Foundation. All Team Tokens will be locked for at least 12 months and are vested over time while being bound to milestones and goals.



Token Economics

It is the declared goal of the Foundation to find a viable model to grant funds regularly to the LGBT Impact program. For this, the token economics need to reflect a way to move funds to the Foundation. This can be done in several ways, an inflation model, a fee structure or similar. The exact details, as well as additional information about the usage of the token, will be released in a separate yellow Paper, once we incorporated all the comments and feedback from both communities - crypto and LGBT.

REQUEST FOR COMMENTS

We understand the importance of the token economics for the crypto community. One of the challenges of this proposal is to strike a healthy balance between the needs of the crypto community and the LGBT community.





Escrow of Proceeds

Funds committed during the MCO Token Creation Even will be held in a secure multisignature wallet and will only be released from the account with 2 out of 3 signatures of:

- Chritof Wittig CEO @ Hornet
- NN Member of the Advisors
- NN external individual



Team / Advisors



Christof Wittig CFO of Hornet



Christof Wittig is a serial software entrepreneur and investor. He is Founder and CEO at Hornet Networks, the world's second largest gay social network. He previously founded and ran Servo Software, db4objects, and Apsis Software. He is Managing Partner at Strive Capital and has made investments in various companies such as AppAnnie, Enish, and VirtaHealth.



Ben Kubota Project Lead





A pioneering business and development leader with a proven trarecord of launching, scaling, and managing industry-defining technology companies on an international scale. A versatile technologist who excels at identifying niche opportunities in the global marketplace and marrying product and technology with community engagement to drive transformative business growth.



Andreas Barhainski Creative Director and UX Design Lead





N.N. Technical Lead



Advisors

The full list of advisors will be released shortly, several of which are high profile members of the LGBT or Crypto Community with significant track record in past ICOs. The announcement will be made, when the right balance of diverse advisors has been established.

Partners

LIST BEING FINALIZED



Technical Infrastructure

The LGBT Tokens will be compliant with ERC20 standard and will be based on the Ethereum Blockchain. We understand that a fully described technical whitepaper is required to answer many of the detailed questions regarding the varying solutions. This whitepaper focuses on the issues that the Foundation want to solve. A paper on how to solve them will be released separately.

Hybrid Off-Chain/On-Chain Architecture

Although the Ethereum blockchain technology is powerful due to its support for readily-deployable smart contracts, one of its oft-cited drawbacks is that it is slow and expensive to confirm a transaction. While there are a number of proposals on the roadmap to address the issue, it is presently not clear how the issue will be resolved in the near future. We are aware that the time taken to confirm a transaction on the blockchain is increasingly crucial as we move toward mass adoption, and are constantly surveying alternative solutions.

As part of our ongoing research and development efforts, we are also evaluating a hybrid architecture (off-chain/on-chain solution) to support fast transaction execution required by an increasing volume of transactions, while preserving a sufficient degree of decentralization.

Ethereum Settlement Layer

Users wishing to transfer LGBT Token into and out of the applications will be able to do so by interacting with the public Ethereum network, which will serve as a decentralized settlement layer. Users interacting with the LGBT Token inside Hornet will have a more



managed experience. This will allow the early version of the system to solve for blockchain scalability bottlenecks, feeless transactions, faster transaction times, and encapsulation of complex features like private keys. Over time, the LGBT Token will grow with the development of blockchain technology to accommodate these features in a fully decentralized setting..

It is the intention of the Foundation to list the LGBT Token on public exchanges shortly after the initial token share and will announce its progress accordingly.



Timeline



An Open Letter for Participation

To whom it may concern,

on behalf of the newly formed LGBT Foundation, I would like to invite you to join us in our mission to empower the LGBT community by contributing to the planned LGBT Token project, designed to help achieve equal rights and acceptance for the LGBT community around the globe.

The LGBT Foundation's Initial Coin Offering (ICO) will take place in the first quarter of 2018, with the aim of using the power and potential of blockchain to raise funds and allocate cryptocurrency tokens to private investors and individual participants. A blockchain-based LGBT Token establishes a shared economic identity and infrastructure, which we can harness to not only empower and connect LGBT businesses around the world, but also protect LGBT community members' identities in a safe and secure environment.

Blockchain technology helps us reach this goal by allowing users to make transactions without anyone being able to trace the participants. Despite the anonymity, it remains inherently secure as the information is held on a network of computing devices, which collectively store and verify changes. This means blockchain can facilitate and authenticate payments and record the entire history of exchange, without either party needing to reveal their identity—a revolutionary step in the LGBT community's fight for equal rights and acceptance.

As founder and CEO of Hornet Networks, I've seen firsthand the LGBT community's economic might, and the potential it offers to help local communities, organizations, and individuals in their quest for equal rights and acceptance in society. Although we at Hornet have set up the LGBT Foundation, our aim is that it will evolve into a self-governing body run by and for members of the LGBT community, to direct its activities, resources and members to the benefit of the international LGBT community

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international LGBT community.

In my professional career as a serial entrepreneur and investor, nothing has been more fulfilling than working every day on Hornet's mission to give the gay community a digital home that fosters meaningful connections and helps to drive acceptance.

The LGBT Foundation is a logical next step, much bigger than me or Hornet, or even my fellow gay men, but for the entire LGBT community. As a gay man, a tech entrepreneur with a strong open source background and a Stanford MBA, I feel obliged to call out the immense potential of blockchain, and the near perfect fit for our needs.

Today marks the start of a new phase in which we make sure that every LGBT person has the same opportunities and privileges as anyone else. In future we will use resources from the LGBT Foundation to actively support members of the LGBT community in instances where they are vulnerable, distressed, or suffering from repression or inequality, from financial assistance to support political activism to logistical and operational support. And we will finally make the elusive economic power of the Pink Economy tangible and usable to further our rights and acceptance.

That's why I would like to call on the global LGBT community, it's allies, and related interest groups to get involved with the LGBT Foundation.

Please visit www.lgbt-token.org to learn more and join this major effort to make a meaningful difference for the LGBT community.

Yours Sincerely,

Christof Wittig

LGBT Foundation President
Hornet Networks Founder and CEO



Appendix - The Foundation

The LGBT Foundation is a not-for-profit organization with a mission to support genuine equality and advance the aims of the LGBT community across the world. By harnessing the power and potential of blockchain technology and other technological innovations, the Foundation aims to foster greater acceptance of the LGBT community, drive positive social change for the benefit of its members, and protect vulnerable community members. Its goal is to foster and realize the potential of the pink economy, and provide a safe and secure environment to access cryptocurrencies and other products and services, enabling members to verify and protect their identities as required.

Is is therefore envisioned as an ecosystem and technical infrastructure for all partners that accept and adopt LGBT Token. The Foundation is intended as an independent and democratic governance body for its members.

Mandate

The primary mandate is to grow the number of entities and services that adopt and implement the LGBT Token and provide the necessary infrastructure to run the digital economy. The Foundation in the future may partner with for-profit organizations if required to accelerate the acceptance rate of the LGBT Token.

Safe, Secure, Compliant

Safety, security and compliance stand at the core of the Foundation and its ambition – for the good of our community, our investors and the reputation of our Foundation. We



provide a safe space for our members (LGBT Token holders) to interact with the outside world while being true to their identities.

From a compliance perspective, we are working closely with regulators across the world to ensure that we take the appropriate steps to be legally compliant at all times.

Governance Goals

The Foundation will dedicate resources to establish a fair and transparent governance process that will take into account the voices and needs of all participants within the ecosystem. This open governance model will oversee decisions related to the membership process, the token economy, participation rules, legal matters, and content and compliance guidelines.

Research & Development Goals

Resources will foster an environment of innovation by working with partners to test new ways to participate in the ecosystem and drive value creation and network effects. The Foundation will also fund the development of tools that give LGBT Token partners the ability to build, grow, and create value for one another.

Educational Goals

Identifying the size and power of the Pink Economy is one of the core aspects of the technology that the Foundation will establish. Anonymized data that protects the members as described above, but still allows the Foundation to report on the growth and



flow of the Tokens to to educate businesses, organizations and countries about the size and positive impact the LGBT community has on their local economies.

Supportive Goals For The LGBT Community

It is the declared goal of this paper to develop an implicit, transparent and simple mechanism for the Foundation to participate in the overall economy using the LGBT Token. As soon as a viable model is established, the Foundation will use its influx of tokens to support local non-profit organizations, as well as outstanding individuals, influencers and advocates of the LGBT community.

Supporting the LGBT community clearly is an external task for the outside world as much as from within the community itself. As described in "Inequality and the status of the LGBT community", the authors of this paper recognize the problems facing the community and want to establish a model to ensure that inequality is reduced inside the community as well as outside.

Voting Mechanism

The advisory board of the Foundation will regularly submit grant proposals that deserve LGBT Impact support by introducing them on the Foundation website. Each token holder will be able to cast votes equal to the number of tokens they hold for the allocation they most strongly support for funding. The details of this Voting Mechanism will be appounced in due time.

