Brifs.co Whitepaper:
A Fully Liquid & Decentralized Exchange
for Gift Cards

https://www.Brifs.co/

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Preface

Notes to the Reader

Living Document
This paper is intended to be a living document which evolves and expands as interested parties interact with it. It is intended to serve as a broad-scope hub for the Brifs Market and Exchange project.

Further detail into particular aspects or the project will be delved into in longer form articles which will be linked to throughout this whitepaper and on our website. You can receive update announcements by joining our email list which you can [sign up for here](#).

Economic Focus
This paper is written from an economic perspective rather than being technologically focused. The engineering specifics of Brifs Market and Exchange, the BRIF Token, etc. are to be released in subsequent versions of this document. In the interim, and for the layman, this paper assumes that Ethereum smart contracts can be architected to facilitate a decentralized exchange of digital information, in this case, gift card balance values..

The Wider Landscape

The global economy is in a state of rapid change. Obstacles are being reduced and removed, and technological advancements such as the Ethereum Blockchain and Smart Contracts are rendering traditional intermediaries obsolete and deflating costs of doing business across every industry.

This whitepaper details the Brifs Market and Exchange we are building for the purpose of selling, buying and donating gift cards using the blockchain as a part of this technological and macro-economic shift. We aim to unsilo the world's gift card values, a market which according to estimates published by top research and advisory firm CEB (now [Gartner](#)) will reach [$180 billion by 2018](#).

INDEX

1 Executive Summary

1.1 The Problem

At their very worst, gift cards appear innocuous. After all, they are colorful little presents that you can buy whatever you want with. For Pete's sake; what's not to love? Contrary to popular sentiment, it's evident that every year in the US alone, gift cards likely destroy many billions of dollars in economic value by way of unspent balances, and net-loss spending.

Gift cards are annoying to shoppers too who feel pressure to use them and not lose them. And even the retailers themselves aren't thrilled about the inconsistent legal and accounting rules around reporting revenue and what they can do with unspent balances.

The Brifs.co project was born out of a believe that gift cards should be as good as cash. We aim to do just that.

1.2 The Solution

Gift cards with values which transact on [closed loop systems](#), like the ones issued by every major US retailer, seek to lock up those funds into the retailer's own silos. This is in contrast with open loop gift card systems which are offered and processed by major credit card companies. Even, with the status quo, issuers of gift cards still only get what amounts to store credit liabilities. It's cash flow, but it's certainly not revenue.

That lockup is somewhat of an illusion, anyway. Afterall, with varying degrees of effort, the holder of a gift card can, without a doubt, turn that gift card into cash. This value lockup facade is just the sort of problem that blockchain technology and smart contracts were built to solve.

Brifs.co's sole purpose is to create a highly liquid exchange with essentially 0 price difference between the balance on a seller's gift cards and the price a buyer would pay for that balance.

To do this we are building a market and decentralized exchange which, for all practical purposes, intends to supersede and integrate with all retailers' gift cards closed loop systems using a public ledger.

1.3 The Implications

Brifs.co is also an experiment in the semi-autonomous, investor-less, and profit-minimum form of capitalism that blockchain technology enables. This means that market inefficiencies that currently exist in the gift card market, will be made available to the users of the Brifs Market and Exchange in the form of a spread between sell prices.

All economic value created by Brifs.co and the economies of scale and the dynamics of market making will be enjoyed by purchasers of the gift cards on the Brifs Market and Exchange. The Brifs Market and Exchange

will exclusively use BRIF Tokens and only a pre-formulated finite number of them will ever be made. We think that these factors will drive mass adoption on the side of retail shoppers who are eager to save money. Mass adoption of retail shoppers would create by default, a massive user base of BRIF Tokens beyond any other crypto-asset to date.

The BRIF Token aims to be the crypto-token token of all gift cards in the US and globally. If high liquidity in the gift card market can be achieved by Brifs.co, then in essence, the Brifs.co ICO could be viewed as a defacto ICO of all major brands that issue gift card, by superseding them. BRIF Tokens could, by sheer market force, become *the* gift card open loop system that is the natural state of digital value — completely and freely transferable.

2 Economic Value Paradigm

2.1 What is economic Value?

To begin this discussion, it's best to define terms. Some of the wording we use has specific meanings in the context of this whitepaper. Value is perhaps the most important word to define. In this context, Value refers to the benefit received by the buyer and seller in a transaction. Value for our purposes will be expressed in terms of currency.

2.2 Buyer's Value

For the buyer, determining Value is easy; "I buy a good or service that cost me $1000 USD because I believe that I will get at least $1000 USD in economic value from the purchase".

For example a buyer a fancy road bicycle for $1000, because they will have $1500 worth of entertainment by riding it. In economic terms, that buyer created $500 of economic value because the buyer only paid $1000 for something worth $1500 to them *(see figure 2.1)*.

Figure 2.1:
Buyer's economic value
creation in a transaction

Buyer's Total Value: $1500

Buyer's Economic Value Created: $500

Retail Price: $1000

Bicycle Retail Price: $1000
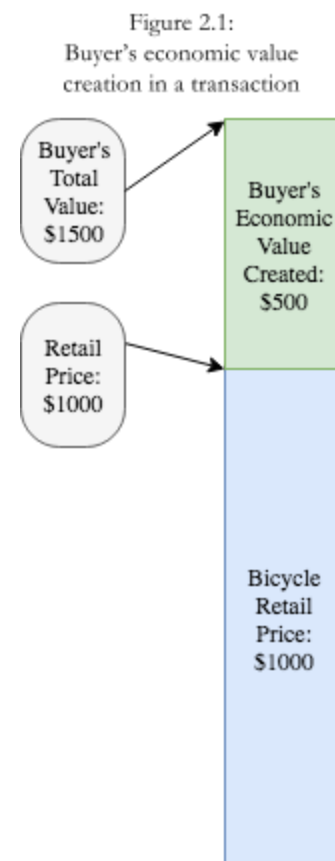
2.2 Seller's Value

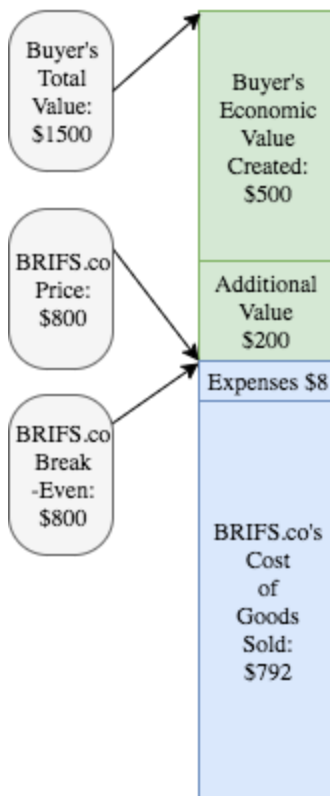Value for the seller is similar. For example, let's say the seller is a fictional company "XYZ Bikes". XYZ Bikes uses the economies of scale and their industry relationships to manufacture and sell fancy road bicycles for a total cost to them of only $800. Every bike they sell for $1000 nets the company a profit of $192 (after $8 in operating expenses per unit).

That $192 profit, i.e. margin, is the seller's created economic value *(see Figure 2.2)*.

2.3 Value to the People!

Within the Brifs Market, Ethereum Blockchain and Smart Contracts will be used to redirect all of the Value on the seller's side to the buyer.

Figure 2.2:
Seller's economic value creation

The Brifs.co is not interested in making a profit at all in the long run. Instead, Brifs will use the economies of scale to purchase gift cards from the world's top retailers, as well through a resellers and third parties at below face value and then pass the economic value back to the buyer.

Figure 2.3:
Buyer's added economic value creation in a BRIFS.co transaction

As in the example above, let's imagine the fancy road bike buyer instead bought a $1000 gift card from Brifs.co to purchase the bike. Brifs.co was able to purchase an XYZ Bikes gift card for $792 and after Brifs.co's operating expenses our break even point on the transaction is $800.

The net result is that our bike buyer was able to capture a significantly greater value than if that person had just purchased the bike directly from XYZ Bikes without using a discounted gift card from Brifs.co *(see figure 2.3)*.

This scenario begs the question, "Why would a person or XYZ Bikes sell gift cards at below the remaining balance?". The answer is simple. The individual sells $1000 worth of gift card value for $800, because they don't have any need for a fancy road bike. XYZ Bikes (the gift card issuer) may sell $1000 of their products for $800 in gift cards because they want to raise revenue or clear out inventory or juice revenue, just like anytime a retailer engages in company-wide discounting.

3 Beyond Discounting

3.1 Individualized pricing dynamism

Imagine Jeff, a fictional buyer, is looking at what less-than-face-value gift card offerings are available for the Levi's brand. Jeff goes to the Levi's section of Brifs.co and notices $100 gift cards for $95 but then leaves the website. Using settings placed by a VP in Levi's gift card division, Levi's can then automatically send an offer to Jeff for a $100 Levi's gift card for only the equivalent of $75 in BRIF Tokens (offer sent via email, text, or in-app notification).

Now, Levi's had to discount their goods by 25%, **but** they captured $75 in cash that they would not have received otherwise.

But, wait. What if the Lucky Brand has purview into Jeff engagement with Levi's gift cards on Brifs Market? Lucky could also offers Jeff (via email, text, or in-app notification) an individualized discounted gift card.

The net result is that brands have a new level of dynamism to attract customers like never before. Imagine Jeff walking into a mall around lunch time and receiving an offer from McCormick and Schmick's for a discounted gift card so that he eats at their location in that mall rather than at the TGI Friday's where he normally goes?

3.2 This. Changes. Everything.

By design, Brifs Market is run as a profit-minimum business. Any surplus that Brifs.co Market retains whatsoever at its completion will be redistributed to the benefit of BRIF Tokenholders. This begs the question, if the business entity that is Brifs.co fundamentally doesn't seek to turn a profit; why does it exist? Why is the BRIF Token necessary at all for that matter? The organization and the token both exist for the single purpose of serving as a unifier of fragmented gift card values.

In the interim, there exists a verifiable spread; a difference in the value on a gift card and what the secondary market will pay for it. With Brifs.co's profit-minimum model, the latin phrase "prodest emptor" which means "benefit the buyer," gives insight into why the project is so powerfully disruptive. If the exchange is intermediary-less, then practically all of that spread is enjoyed by Brifs.co's customers at point-of-sale.

So then what impact does this economic value have in the eyes of Brifs.co customers with respect to the confidence they have in the finite BRIF Token? As in the example with Jeff; does he gain confidence in the value of BRIF Tokens when he is able to buy a $100 gift card for only $75 worth of BRIF Tokens? Hasn't he just objectively saved 25% in the form of real money by purchasing a gift card?

And as more and more people like Jeff save money by using BRIF Tokens, is an explosion of confidence in Brifs possible? As more and more buzz is generated by folks like Jeff, are brands like TGI Friday's, and McCormick and Schmick's going to want to be a part of Brifs.co ecosystem?

Truthfully, the answer is unknown. This is capitalism's uncharted territory — it's frontierland. The Brifs team believes that if real money is being made — if real economic value is being created and demonstrated at every transaction — then it seems likely that confidence in BRIF Tokens will spread rapidly and that this confidence growth will continue at increasingly higher rates.

3.3 Big Tip of the Hat

Although not directly quoted, much of the Brifs.co team's understanding of the underlying economics of gift giving, gift cards, and their broader economic consequences is based in large part on [Joel Waldfogel's](#) body of work stemming from his 1993 paper [The Deadweight Loss of Christmas](#) published in the [American Economic Review](#), as well as his tremendous 2009 book [Scroogenomics](#). Cheers, Joel!

4 The BRIF Token Vision

4.1 Reward Shoppers

The Brifs team has come together to reward everyday shoppers for voting with their wallets in favor of a new capitalism and in favor of liberating gift card values. The investor is rendered obsolete because all Brifs.co needs to do is keep the lights on with razor-thin margins (enough to break even).

BRIF Token's value to purchasers of gift cards and other products will be made evident at every transaction. What is created by this is an essentially perfect alignment of interests between buyer and seller and one that requires very little behavior change for all parties.

This is very new and this could be very very very disruptive.

4.2 De Facto Token of All Brands

The Brifs.co team believes that as smart contracts and ICO activity gathers increasing awareness and adoption, that larger brands will need to find a way to be relevant in the cryptoasset ecosystem. If a group like Brifs.co have already made all gift cards highly liquid, then siloed 'Brand Tokens' will be a significantly less attractive mode of digital decentralized transfer of payment.

The net result could be a situation whereby brands would adopt BRIFs as the token upon which their respective tokens would be pegged, or some similar collaborative union.

4.3 Market vs. Exchange

4.3.1 The Brifs Market

In the short term the Brifs.co team will begin to amass market liquidity while maintaining supply and demand equilibrium, which will facilitate for the exchange of gift card values in and out of USD *(see figure 4.3.1)*.

Figure 4.3.1: Simplified BRIFS Market transactions
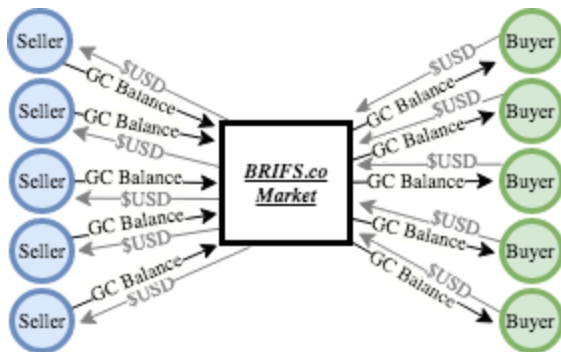
Figure 4.3.2: Simplified BRIFS Exchange transactions
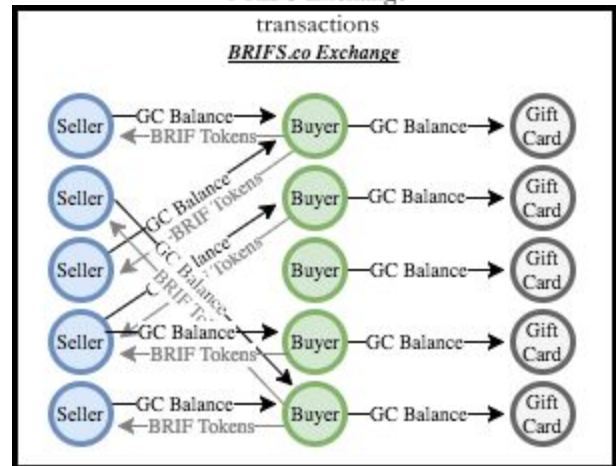
4.3.2 The Brifs Exchange

In the short to medium terms, Brifs.co will begin development of the Brifs Exchange to trading gift card balances peer-to-peer. The Brifs Exchange will be built and implemented as a decentralized exchange.

The Brifs Exchange will allow all users to buy and sell gift card value, using smart contracts. Buyers will be able to store their brand-specific gift card values utilizing a wallet built as a part of the Brifs Exchange user accounts.

The Brifs Exchange will exclusively use the BRIF Token as its medium of exchange transactionally.

NOTE: The Brifs exchange is not an exchange to trade different cryptoassets in and out of BRIF Tokens. Post-ICO purchase of BRIF Tokens will take place on existing tools; shapeshift.io for example.

5 Brifs Stakeholder Value Propositions

5.1 Seller

As previously mentioned, in classical economic terms, the private-party seller creates economic value for themselves by liquidating their gift card balances at a price that is higher than the economic value to the seller if spent at the card's issuing retailer. This is self-evident; otherwise the seller wouldn't sell the gift card for less than face value.

This phenomenon of folks buying and selling gift cards is observable in several businesses already established for this purpose. Some examples of gift card marketplaces include the aforementioned CardCash, Raise, and Cardpool.

5.2 Buyer

Again, in classical economic terms, the buyer creates economic value for themselves in the act of purchase by gaining buying power relative to the value they receive from it. On top of this status quo value creation, the fact that the buyer receives in essence a discount on the difference between face value and the purchase price in BRIF.

We think people are going to love BRIF from their first purchase and beyond, and not just for the savings. Looking into the future many consumers the BRIF token may be their first experience with cryptoassets, which is a thrill in and of itself. This will be aided by a very simple and intuitive user interface and guided onboarding.

5.3 Retailers

Retailers, i.e. the issuers of the gift cards, realize value in 3 different ways with brifs.co: Referred customers, unspent balances & fees, overspending the balance, and individualized pricing dynamism.

5.3.1 Referred Customers

When a person gives a gift card to a friend or family member, that person is giving an implicit recommendation which can result in the recipient of the gift card becoming a new returning customer of the issuing retailer. Even more basically though, gift cards get customers in the door, simply by virtue of the cardholder having a balance at the issuing retailers' stores.

5.3.2 Balance Overspend

When a person redeems a gift card at a retailer, the person generally does not use the exact amount of the card's balance. This leads to customers spending above the amount of the card as well as causes the cardholder to oftentimes purchase items that they might not have otherwise so as to fully utilize the balance.

5.3.3 Individualized pricing dynamism

Just to reiterate, Brifs most novel value added to retailers is giving them the ability to programmatically react immediately to price inelasticity on an individual basis. Once our technology is fully implemented retail brands will be able to serve deals in the form of discounted gift cards based on correlating an individual's user metadata such as location, purchasing habits, time of day, and various other data markers. This price-inelasticity-based dynamism allows retailers to discount to shoppers that will only shop with them at a discount, while not offering the same to customers whom are price-indifferent.

5.3.4 Token Market Participation

As detailed in the ***De Facto Token of All Brands*** portion of this whitepaper (***see section 4.2***), brand-specific tokens with their values siloed is a fairly unattractive cryptoasset offering. As the cryptoasset class expands to a broader user base, retail brands of all stripes (i.e. gift card issuers) will be eager to participate. The thing is, Brifs.co will already be doing that very well.

The high trading volume and liquidity Brifs.co believes it can facilitate should prove valuable in negotiations around brand promotion, greater ease of store-specific value issuance, and just general partnership formation with brands/card issuers.

5.3.5 Monopsony and Arbitrage

We recognize that card issuers will have a wide range of reactions as we gain significant scale so as to land in their radar, and that these reactions will likely shift quite a bit over time. One possible reaction is that issuers become monopsonies of their own gift cards' values on the Brifs Market and Exchange. Assuming that completed buy orders are near-instantly executable, any spread that the issuer can command between remaining balance and their buy price is arbitrage. Full stop.

5.4 Company and Employees

This is as much an adventure as it is a business venture. The idea of discovering and developing a new economic model is a wildly thrilling intellectual pursuit to the team. Being a pioneer in this area, as it continues towards mass adoption, has the potential to carry with it an almost unknowably large upside; even indirectly. Plus, the employees and co-founders will receive the benefit of full employment at competitive market rates while working on a project with the potential for massive impact.

Everyone who is a part of the Brifs project, should it even get close to reaching its potential magnitude, could realistically expect it to be a career-making time for them.

6 BRIF Tokens

6.1 What can users do with BRIF Tokens?

- Once the Brifs Exchange is live, BRIF Tokens will be able to be exchanged for gift cards with a value which is pegged to the after-expenses market price in USD of ETH. The gift card's face value will often exceed the USD value of the ETH at the moment of the transactions.
- During Phase 1 *(see section 10.1)* of the project Brifs Market will act as a market maker in the exchange for USD and then BRIFs and gift card credits
- BRIF Tokens can be acquired at the crowdsale and later from secondary marketplaces

6.2 Brifs.co Contributor Responsibilities & Incentives

The Brifs.co team is tasked with building a market and decentralized exchange for buying and selling gift cards. Brifs.co will need to meet the needs of a broad array of buyers and sellers, and know that the only way to truly meet these needs, is through a fluid feedback loop. This feedback is crucial to be gathered from our users, but also vitally important is feedback from the cryptoasset contributor community as well.

In addition to the contributions themselves, Brifs.co backers will be asked to provide feedback on their impressions of certain aspects of Brifs.co's website, whitepaper, etc. This is a community effort to partly crowdsource the product development of Brifs Market and Exchange. Contributors who participate in extended user studies may be awarded BRIFs from the brifs.co reserves (*see section 7.3*).

7 The BRIF Token Sale Information

7.1 Use of Funds

The funds from the BRIF Token crowdsale will be used solely for the brifs.co project as enumerated throughout this document. Specifically, our negative burn profile will mirror that of software startups in general in terms of their components — personnel, sales and marketing, operations expenses, COGS and infrastructure, incidentals, etc.

7.2 Basic Token Structure

- Estimated BRIF Token value in ETH in this token sale: 10,250 ETH
  (subject to change though the crowdsale).
- Ethereum ERC20 tokens will be the basis of the BRIF token.
- Token Type: Apps token to purchase and sell gift card balances.
- No Tokens will ever be added to the supply after the final supply is determined by the completion of the crowdsale.

7.3 Contribution Periods

BRIF Tokens will be be sold during 6 contribution periods. The conversion rate of BRIF to ETH declines in a steps as a function of time. This structure ensures that early Brifs.co contributors will receive proportionally more tokens in order to reflect the greater risk associated with contributing earlier along the curve of social proof. The Contribution Period Schedule is as follows *(see Figure 7.3).*

Contribution Period	Contribution Period Start Dates (at 0 hours UTC)	Conversion Rate BRIF : 1 ETH	Contribution Period Start Dates: UTC iso 8601 format
Presales A	Thursday, Sep 21, 2017	4000	2017-09-21T00:00:00.000000+00:00
Presales B	Sunday, Oct 1, 2017	3600	2017-10-01T00:00:00.000000+00:00
ICO A	Sunday, Oct 8, 2017	3300	2017-10-08T00:00:00.000000+00:00
ICO B	Sunday, Oct 15, 2017	3100	2017-10-15T00:00:00.000000+00:00
ICO C	Sunday, Oct 22, 2017	3000	2017-10-22T00:00:00.000000+00:00
ICO D	Sunday, Oct 29, 2017	2500	2017-10-29T00:00:00.000000+00:00

Figure 7.3:
BRIF Contribution Period Schedule

7.4 Contribution Eligibility

7.4.1 The People's Republic of China
In accordance with the September 2017 notice issued by a PBOC-lead committee, citizens of the People's Republic of China are forbidden to participate, either directly or indirectly, in any Brifs.co crowdfunding activities.

7.4.2 Are Cryptoassets Legal In My Country?
You must ensure that your contribution to Brifs.co and the quid pro quo receipt of the BRIF Token, as well as cryptoassets, blockchain technology, Ethereum, Ethereum-based tokens, crowdfunding, etc. are legally compliant according to your any legal system which may have jurisdiction over you as it relates these matters. For an introduction to the legal status of cryptoassets in your area this wikipedia article may prove useful to you.

It is your responsibility to ensure you operate within the laws that govern these technologies in your region. Do not participate in the Brifs.co crowdfund if you are forbidden to by law or if you are uncertain.

Assuming the aforementioned legal threshold is met or surpassed, Brifs.co still requires that you be able to meaningfully evaluate the merits of contributing to the project prior to contributing.

7.5 Number of BRIF Tokens

The number of total BRIF Tokens created is dependent upon the total number of BRIF Tokens sold during the Presale and ICO periods. The total number of tokens sold during these periods will constitute 65% of the total BRIF Token supply *(see figure 7.5)*.

11% of all tokens will remain at Brifs Market for a reserve to clear transactions, combat and reconcile fraud, etc. Once the Brifs Market is deprecated, any remaining funds will disbursed to the benefit of tokenholders. Finally, 17% of all tokens will be reserved for Brifs.co employee and advisor incentives, and 7% of all tokens will be reserved for Brifs.co founding team *(see figure 7.5)*.
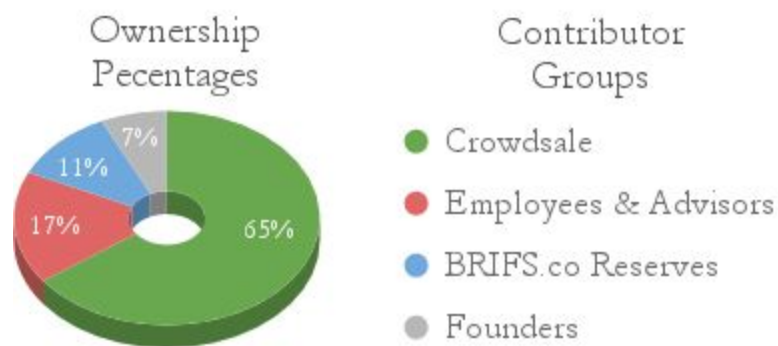

Figure 7.5:
Ownership breakdown by contributor group
(at the moment of BRIFS' Token ICO's completion)

7.6 Example as a Heuristic

Figure 7.6 A shows a hypothetical scenario where the total number of BRIF Tokens purchased, from Presale through the end of the ICO, added up to 17,754,059.

The final total number of BRIF Tokens, is a matter of dividing the crowdsale total (17,754,059) by 65%. In this hypothetical scenario, the total number of BRIF Tokens would be 27,313,937 *(see figure 7.6 B)*.

Figure 7.6 A:
Hypothetical example of BRIF token purchases by contribution period.

Contribution Period	Date	Conversion BRIF : 1 ETH	ETH Raised	BRIF Purchased
Presales A	Oct 1, 2017	4000	299	1,196,000
Presales B	Oct 15, 2017	3600	449	1,614,600
ICO A	Oct 22, 2017	3200	673	2,152,800
ICO B	Oct 8, 2017	3000	1,009	3,027,375
ICO C	Sep 1, 2017	2700	1,514	4,086,956
ICO D	Sep 15, 2017	2500	2,271	5,676,328
TOTALS	n/a	n/a	**6,214**	**17,754,059**

Figure 7.6 B:
Hypothetical example of BRIF token allotments by tokenholder group.

Tokenholder Group	% of all Tokens	Tokens Issued During ICO	Tokens Created Upon Crowdsale Completion	Total Tokens Ever to be Created
Crowdsale	65%	17,754,059	0	17,754,059
BRIFS.co Reserves	11%	0	3,004,533	3,004,533
Employee & Advisor Incentives	17%	0	4,643,369	4,643,369
Founders	7%	0	1,911,975	1,911,975
TOTALS	100%	17,754,059	9,559,877	27,313,937

8 The Brifs.co Team

The Brifs.co Team is a unique collaboration of software technology professionals, specialists in Ethereum smart contracts, mobile applications, and secure large-scale transaction systems.

John "Charlie" Muir
Brifs Market INC CEO and Founder,
Originating from the US, John has help build several Internet startups in his 12-year career. He holds a bachelor's degree in Technology Entrepreneurship from the University of California, San Diego. His deep knowledge of sales & marketing, product development, and management are crucial assets for Brifs.

[LinkedIn](#)

The remainder of the team
John has ongoing talks with a handful of potential advisors and collaborators with backgrounds including a successful serial software startup founder, a significant cryptoasset investor and programmer, a few blockchain and smart contract developers, a former project manager at a Fortune 500 company, as well as several others with design and marketing backgrounds. Additionally, John is working with roughly 10 contractors with backgrounds in content and web design.

The strategy that John is pursuing in delaying official offers to potential co-founders and early full-time employees is based on the notion of hiring one's co-founder which was originally put forth by Mark Suster, a tech thought-leader and Managing Partner at Upfront Ventures. In Mark's well known 2011 blog post ***The Co-Founder Mythology*** he essentially makes the case for derisking a startup as a way to get better talent (i.e. co-founder(s) and early employees, while avoiding a potential leadership crisis.

A great framework for de-risking a startup was compiled by venture capitalist, Leo Polovets of Susa Ventures (http://susaventures.com/). In his post ***How to De-Risk a Startup***, Leo provides a fantastic allegorical checklist of that really illuminates what de-risking truly means and how to think about it.

9 Broader Macroeconomic Tailwinds

The discount retailers are thriving, perhaps more now than even during the latest recession. Between online retailers like Amazon, as well as brick-and-mortar retailers ranging from the Dollar General to T.J. Maxx discount retailing is going gangbusters. This is likely an inevitability of the information age, but what is important is that that these discount brands have been building a strong affinity with their users.

Brifs Market and Brifs Exchange will use what Phil Wahba, senior for Fortune magazine calls a "Discount Addiction" in his piece ***Can America's Department Stores Survive?*** to build it's own brand affinity. Brifs.co be built to socially share all of the great deals users get from the ground up in an effort to build a strong brand following, but there's more to it than that.

We believe that Brifs will be able to replicate and expand on this affinity when users interact with the our brand, because of a psychological quirk in contemporary culture. Instead of customers saying "I got this shirt for only $20" (for instance), Brifs users will say "I got $10 for free!" when they purchase a gift card for $10 under its face value for example.

It's a subtle, but extremely powerful distinction. It's the difference of pride based on frugality and pride based on savvy. Savvy is universally considered much more appealing.

10 Company Roadmap

10.1 Phase 1: User Acquisition and Development

10.1.1 Organizational Focus and Milestones
- Begin targeted user acquisition among the 18 - 25 demographic (via educational-institution-specific campaigns), the 'BitCoin for gift card' community, and the broader crypto-asset community
- Initiate the Brifs Market which will facilitate the secondary purchase, sale, and donation of gift cards
- Continue partnership and business development initiatives with providers of retail (closed loop) gift card sellers

10.1.2 Further Context
In the beginning of Phase 1, Brifs Market users will be able to buy and sell gift cards at below face value in exchange for USD. During this time, the Brifs Market will be structured like any other online retailer.

As Phase 1 progresses, the ability of users to exchange ETH for BRIF Tokens and then use BRIF Tokens to buy the balance of gift cards, and the cash sales of gift cards will terminate. Sellers to the Brifs Market will still be able to receive USD for their gift cards, but that too will begin to be phased out for issuers of primarily US-based retailers on a progressive individual basis.

10.2 Phase 2: Multinationalisation and P2P Brifs Exchange

10.2.1 Organizational Focus and Milestones
- Expand partnership and biz dev initiatives with Asia-Pacific and European retailers
- Introduce the Brifs Exchange to the Brifs Market ecosystem to facilitate a truly decentralized peer-to-peer marketplace for the digital exchange of gift cards
- Enable users to donate gift card values to people in developing countries
- BRIF Token becomes the gold standard marketplace for discounted gift cards globally

10.2.2 Further Context
As Phase 2 begins, the Brifs Market will begin operating and gaining market high volume liquidity in retail closed loop gift card systems in the US and Canada. Also Brifs will expand into the Asia-Pacific and

European Markets. Phase 2 will then gain high volume liquidity in retail closed loop gift card systems in the Asia and the EU.

10.3 Phase 3: Internationalization and P2P Brifs Exchange

10.3.1 Organizational Focus and Milestones
- Expand partnership and biz dev initiatives in Latin America, Africa and the Middle East.
- Deprecate the Brifs Market entirely in place of a global retail marketplace the Brifs Exchange which exclusively utilizes the BRIF Token as a mode of value conveyance.

10.3.2 Further Context
Expanding Brifs Market into Latin America, Africa and the Middle East will mark the commencement of Phase 3. The project will culminate in the full dissolution of the Brifs Market to be replaced entirely by the Brifs Exchange which will exclusively use BRIF Tokens as the medium of exchange.

11 Disclosures and Risks

Below is a non-exhaustive list of considerations a person should make prior to becoming a contributor.

11.1 The Howey Test

The test referred to as the "Howey Test" was created by the US Supreme Court as a way of evaluating a transaction to determine if it constitutes the sale of a security under the Securities Act of 1933 and the Security Exchange Act of 1934. Accordingly, it is necessary to make a few points explicitly clear.

11.1.1 Expectation of Profit
None of this whitepaper, in part or in whole, is intended to indicate that a purchaser of BRIF Tokens should have any expectation of profit — neither through capital appreciation nor from earnings from the crowdsale or secondary sale proceeds.

11.1.2 No Representation of Ownership
BRIF Tokens do not represent ownership in Brifs Market nor the Brifs Exchange. Neither the Brifs Market nor the Brifs Exchange are common enterprises. Rather, they are market-makers and distributed exchanges, respectively.

11.1.3 No third party nor promoter profits
No third-party nor promoter shall profit from the token sales.

11.2 Exceeding Baseline Risk

All new business ventures have inherent risk, much more so than business which have well established business models, and well established businesses are still too risky for some individuals. Software startups

involve risks many times larger due to the business model discovery process inherent to such ventures. Software startups that are founded upon cryptoassest and smart contracts are magnitudes larger than their non-cryptoasset counterparts.

11.3 Cryptoasset Market Risk

BRIF Tokens are finite and gift card balances have a value reflected in a fiat currency value. As a result, as more gift card balances are available for purchase in the Brifs Market, those gift cards fiat currency value many change as the Brifs price against those currencies fluctuates. In addition to changes in the possible price volatility of the BRIF Token on an exchange

11.4 Cryptoasset Regulatory Risk

While cryptoassets have existed for over a decade, their market is still very much new and ever-evolving. As such there is much uncertainty with respect to potential corresponding regulation going forward. We are building our technology on Ethereum and, while highly unlikely in the short to medium terms, should Ethereum fail, the Brifs Market and Brifs Exchange will have to change platforms and/or adopt alternative blockchain technology.

As expanded upon in the The Howey Test section above, the Brifs.co team has a finger on the pulse of this emerging body of law and we are fully committed to utter compliance. Efforts to this end are ongoing but an example is the recent SEC [Investor Bulletin: Initial Coin Offerings](). In addition to primary sources, we rely on a wide array of secondary commentators (on the SEC investor bulletin, but also the topic more broadly) specifically [Tim Draper's]() and [Fred Wilson's]() writings on the matter.

11.5 Execution Risk

In addition to the risks inherent to hiring, scaling, etc., there also exists the risk that retailers (issuers of gift cards) will pushback against our technology. This is not uncommon when aspects of a startup are perceived as potential disruptors.

In particular, at scale BRIF Tokens could be misperceived by decision makers at large retailers as adversarial in that Brifs Market and Brifs Exchange will facilitate a de facto discounting of retailers' goods and services.

11.6 Competitive Risk

Several marketplaces exist to serve the purpose of desiloing gift card values. The top 3 that stand out are [CardCash](), [Raise](), and [Cardpool]() (as mentioned earlier). The risk exists that one or more incumbents, as well as potential new-comers, will challenge the BRIF Token with the issuance of a token of their own.

11.6.1 Challengers
Newcomer organizations which try to replicate Brifs' model, particularly in markets where we have a strong presence, will find it difficult to achieve market liquidity because of the vacuum high liquidity causes.

Traditionally marketplaces/exchanges are winner-take-all/winner-take-most outcomes because of this dynamic. Nevertheless, other newcomers to this space do pose a persistent risk.

11.6.2 Incumbents

Incumbent organizations are likely to find themselves in a classic Clay Christiansen-style "innovator's dilemma". As he details in his book [The Innovator's Dilemma](#), incumbent organizations will be too entangled by their current business models to be able to react quickly enough to take on a challenger which is utterly deflationary with respect to margins. That is a tough spot for the established businesses in this space, yet the risk they pose is significant enough to be noteworthy.

11.7 Gift Card Value Transferability Legislative Risk

Although the legislation around gift card value transferability, is relatively dormant, there is mentionable risk here as well. The laws around what issuers of gift cards, in this case retailers, can and can't do with the gift cards they issue in terms of charging fees, terms and condition, etc. varies quite a bit from state to state.

There are also inconsistent laws around what a gift card actually actually is and is not only on state to state basis, but also in conjunction with superseding federal regulation on top of that. Intertwine all of that with even more layers of interpretation, implementation, and enforcement, plus differences based on dates of issue and what you have is one real mess. Albeit a metaphorically hibernating mess it seems.

For a deep dive which exemplifies the complex state of gift card transferability, while seeming to indicate a legal basis for utter transferability, take a look at California's [Legal Guide S-11: FAQs and Tips on Gift Certificates and Gift Cards](#) from which many of our conclusions are drawn.

12 Summary

- Brifs liberates gift card values to be exchanged as easily as any other commodity
- The Brifs Market team will facilitate the business development relationships directly with issuers of closed loop gift cards for the sake of getting high volume discounts
- The Brifs Market will expand globally to then disintermediate itself as viable market liquidity is achieved regionally
- Fiat currency will be placed into disuse as the The Brifs Market dissolves itself to be replaced entirely by the fully distributed Brifs Exchange
- The Brifs team is lead by a fiercely driven founder and is comprised of a unique cross section of individuals with technical skills, software business acumen, as well as talented people in operations, design, sales, marketing, and customer success
- The Brifs Exchange seeks to eventually become nearly autonomous, profit-minimum, and employeeless
- Our aim is to make BRIF Token a global medium of retail exchange, a store of value, and the de facto cryptoasset of all major retailers