Gauss Coin
White Paper

The best of both worlds: smart investments and a green future

Table of Contents

1. Introduction

We are a cryptocurrency company that is about to change the way you see and use crypto assets. We operate worldwide, and we are backed by real assets such as biological fuels and additives.

Our aim is not only to launch a cryptocurrency, but also to shift the way you view and operate the market. We would like to give you the opportunity to invest in a cryptocurrency company that has a new and up-to-date concept that will consolidate the cryptocurrencies sector. We have a daring, consistent and unprecedented purpose: revolutionize multiple sectors at once.

With that in mind, what if we told you that we could help fight pollution? What if we can create an ecosystem that helps battle plastic littering? With the planning of the evolving and consolidation of GaussCoin, we are not only thinking about the growing valuation of the cryptocurrency, but also about how we can change a very normalised behaviour when it comes to environmental protection: the use and the lack of recycling of plastics.

Over the last 6 decades we have been responsible of the mass production of plastic. This has been accelerating and rapidly growing to a colossal amount of 8.3 billion metric tons, and of course most it in disposable products that can't be recycled.

According to national geographic, a whopping 91% of plastic isn't recycled yet. Plastic is one of those materials that takes over 400 years to degrade, that means that most of it still exists in some shape or form. Even if only 12% of that plastic has been incinerated, this process is still responsible for the emission of toxic gases, that damage the Earth's atmosphere. There are numerous examples of incinerators that work in the cement industry that tried doing this process, but always showing great damage to the environment, and thus resulting in the premature ending of those.

Our power plants are able to recycle 300 tons of plastic, and at the same time produce an approximate value of 150.000 litres of fuel monthly, allowing not only the removal of a highly harmful residue for the planet, but also the production of fuel and additives, that are necessary and increasingly scarce.

Our new cryptocurrency GaussCoin has embedded a cutting- edge technology, once it is issued via tokens and has a direct connection with the currencies of the future. It is also important to add that the users of crypto and digital currencies add up to 3% of the world population.
Our cryptocurrency is already fully connected with the payments ecosystem, using the pre-paid mode of Visa and Mastercard, which are issued and managed by our own brand: Gauss.

Another substantial advantage about GaussCoin is the fact that it can be found all over the world, as its investors are in more than 100 countries. At the same time, we are also able to provide more security to the investors and their growth. GaussCoin started its operations with over 100,000 members, and it also has a multilevel marketing team that has undeniable experience and knowledge about the cryptocurrency world.

The safest way of making an investment is through a financial collateral. This is a great advantage that GaussCoin provides to its investors and supporters, once its core business is the transformation of plastic to alternative fuels.

Analyzing the traditional currency market, we can notice that when a currency in its physical form, being minted or printed in paper, it has no users but collectors who desire to own it. The same thing happens with cryptocurrencies. After all, most of the population that buys a currency, expects that it will be accepted wherever they go.

Thinking exactly about this point, Gauss created a massive ecosystem allowing GaussCoin to circulate amongst their members. This ecosystem was created with the main goal of changing the lives of not only its community but also of the planet. By investing in creating power plants, Gauss is allowing its members to have an extra income, through the ecosystem created.

We all agree that one of the greatest issues of mankind is the income distribution. A lot of the times, capitalism means that no one is worried about the human condition. Its base is only increasing income, but Gauss team, its founders, followers and supporters believe that they can make the world a better place, more fair, more balanced and mainly greener than ever.

In Gauss, we believe that the distribution of income should always be made in a meritocratic way, based in a system where the progress and income only depend of the way that each of its members work and convert their time and personal efforts in working, and mainly team working. That formula allows us to reach the ideal system, where we can put the money working for us, rather than the other way around. The founders of Gauss found the right way of making that possible.

One of the greatest challenges of our times is to create a sustainable future for ourselves and for the coming generations. Our goal is to help each individual of our community to find the so desired financial freedom, that will allow everyone that is around them to have a completely different future, where you can have the best of both worlds: the financial freedom and a sustainable future.

2. Blockchain

For the first time we can lower, in an extremely effective way, the uncertainty not just with political and economic institutions like banks, corporations and governments but with many other types of transactions that depend on trust. Blockchain is a decentralized and distributed database that stores a registry of assets and transactions across a peer-to-peer network. It is basically a public registry of who owns what and who does what transactions.

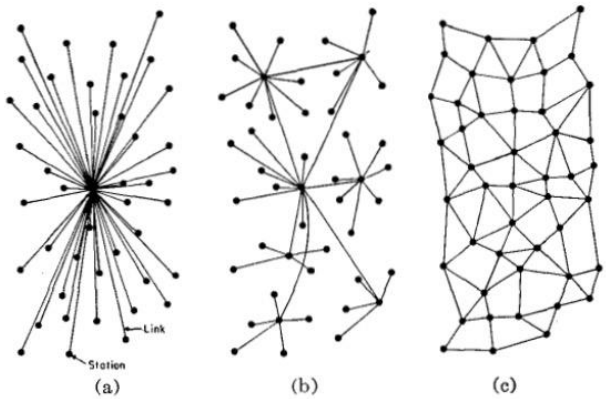


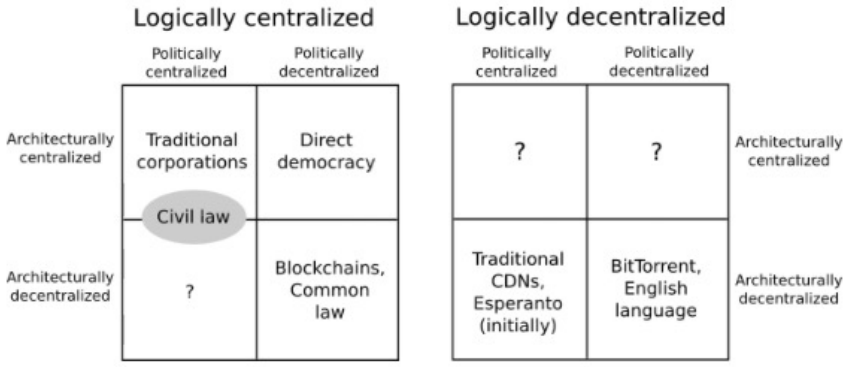
Fig. 1—(a) Centralized. (b) Decentralized. (c) Distributed networks.

In other words, blockchain is a particular type or subset of a distributed ledger technology (”DLT”). DLT is a way of recording and sharing data across multiple data stores(also called ledgers), which each have the exact same data records and are collectively maintained and controlled by a distributed network of computer servers, which are called nodes.

Blockchain is a mechanism that employs an encryption method known as cryptography and uses a set

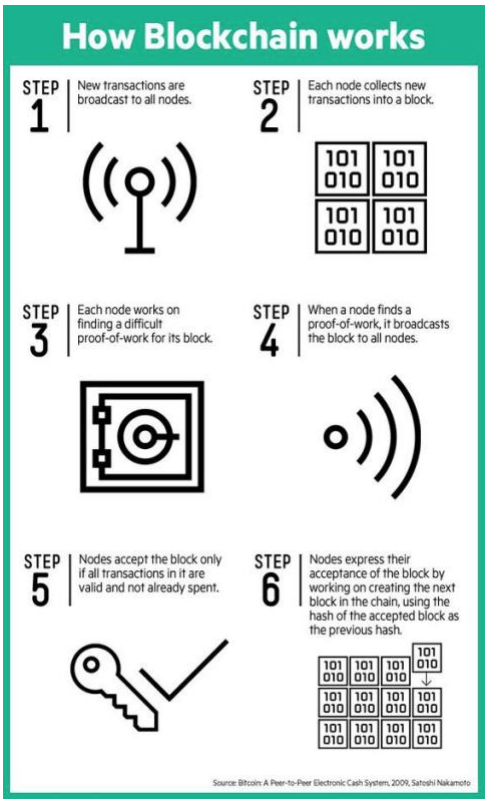
of specific mathematical algorithms to create and verify a continuously growing data structure (to which data can only be added and from which existing data cannot be removed) that takes the form of a chain of “transaction blocks”, which functions as a distributed ledger.

It is worth to mention that blockchains are politically decentralized (no one controls them) and architecturally decentralized (no infrastructural central point of failure) but they are logically centralized (there is one commonly agreed state and the system behaves like a single computer).



The transactions are secured through cryptography and over time that transaction history gets locked in blocks of data that are cryptographically linked together and secured. This creates an immutable and unforgeable record of all transactions across this network. This record is replicated on every computer that uses the network.

2.1 How does blockchain work?



2.2 The Blockchain Consensus mechanism

In principle, any node within a blockchain network can propose the addition of new information to the blockchain. In order to validate whether this addition of information (for example a transaction record) is legitimate, the nodes have to reach some form of agreement. Here is where a “consensus mechanism” comes into play. Summing up, a consensus mechanism is a predefined specific (cryptographic) validation method that ensures a correct sequencing of transactions on the blockchain. In the case of cryptocurrencies, such sequencing is required to address the issue of “double-spending” (i.e. the same payment instrument or asset can be transferred more than once if transfers are not registered and controlled centrally).

A consensus mechanism can be structured in a number of ways. Hereinafter, the two best-known - and in the context of cryptocurrencies also most commonly used - examples of consensus mechanisms will be briefly discussed: Proof of work (”PoW”) mechanism and the Proof of Stake (”PoS”) mechanism.

a. Proof of Work (PoW)

In a PoW system, network participants have to solve “cryptographic puzzles” to be allowed to add new “blocks” to the blockchain. This puzzle-solving process is commonly referred to as “mining”. In simple terms, these cryptographic puzzles are made up out of all information previously recorded on the blockchain and a new set of transactions to be added to the next “Block”.

Because the input of each puzzle becomes larger over time (resulting in a more complex calculation), the PoW mechanism requires a vast amount of computing resources, which consume a significant amount of electricity.

If a network participant (i.e. a node) solves a cryptographic puzzle, it proves that he has completed the work, and is rewarded with form of value (or in the case of a cryptocurrency, with a newly mined coin). This reward serves as an incentive to uphold the network. The cryptocurrency bitcoin is based on a PoW consensus mechanism. Other examples include Litecoin, Bitcoin Cash, Monero, etc.

b. Proof of stake (PoS)

In a PoS system, a transaction validator (i.e. a network node) must prove ownership of a certain asset (or in the case of cryptocurrencies, a certain amount of coins) in order to participate in the validation of transactions. This act of validating transactions is called “forging” instead of “Mining”. For example, in the case of cryptocurrencies, a transaction validator will have to prove his “stake” (i.e. his share) of all coins in existence to be allowed to validate a transaction.

Depending on how many coins he holds, he will have a higher chance of being the one to validate the next block (i.e. this all has to do with the fact that he has greater seniority within the network earning him a more trusted position). The transaction validator is paid a transaction fee for his validation services by the transacting parties. Cryptocurrencies such as Neo and Ada (Cardano) utilize a PoS consensus mechanisms

c. Other mechanisms

The PoW and PoS mechanisms are far from the only consensus mechanisms currently in existence. Other examples include proof of service, proof of elapsed time and proof of capacity. A further analysis of these mechanisms falls outside the scope of this white paper.

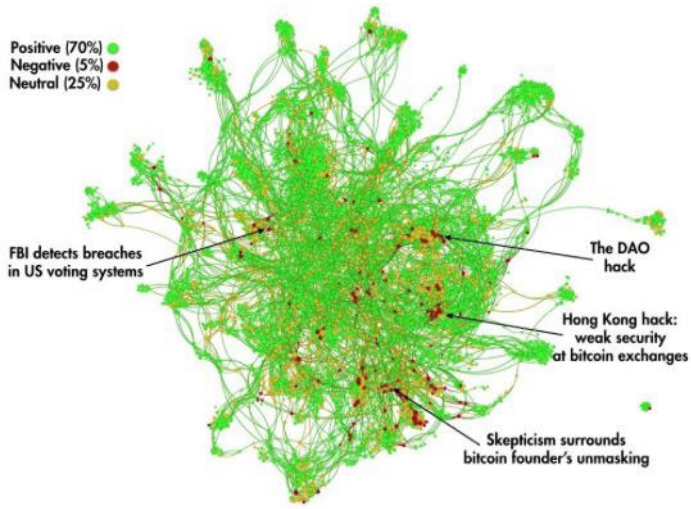
2.3 Types of blockchain

Below are the different types of blockchains:

- Public blockchain: no restrictions on reading block data (which can also be encrypted) and sending transactions.
- Private blockchain: direct access to data and the right to send transactions are granted to a limited number of organizations.
- Permissionless blosckchain: no restrictions related to the identity of transaction validators, i.e., users who can generate blocks.
- Permissioned blockchain: transactions are processed by approved individuals that underwent identity verification. A permissioned blockchain does not necessarily have to be private.

2.4 Blockchain News Trend

Monitoring the news and trends in an intricate network chart that shows the public sentiment, it is crystal clear how positive it is and we can observe the negative one in isolated cases only:



Source: Reuters

3. Cryptocurrencies

3.1 Introduction

Establishing a definition of cryptocurrencies is not an easy task. Much like blockchain, cryptocurrencies have become a "buzzword" to refer to a wide array of technological developments that utilise a technique better known as cryptography. In simple terms, cryptography is the technique of protecting information by transforming it (i.e. encrypting it) into an unreadable format that can only be deciphered (or decrypted) by someone who possesses a secret key. Cryptocurrencies such as Bitcoin, are secured via this technique using an ingenious system of public and private digital keys.

3.2 Cryptocurrencies- tokens- cryptosecurities

The term 'cryptocurrency' is often mistakenly used in a very broad sense. As it will be shown bellow, it should be distinguished from both tokens and cryptosecurities.

a. Cryptocurrencies - Tokens

Firstly, cryptocurrencies should be distinguished from cryptographic “tokens”, which offer a functionality beyond the general- purpose of being a medium of exchange. Tokens are issued in the framework of an initial token offering or “ITO” to raise a novel class of crypto-assets (i.e. digital assets recorded on a distributed ledger, secured by cryptography) which embody some sort of claim against an entity (or against its cash flows, assets, residual value, future goods or services, etc.) that arises from the use of blockchain technology.

Some tokens resemble traditional instruments such as shares or bonds and are commonly referred to as “security tokens” or “investment tokens”. Other tokens grant their holders access to specific products or services and are commonly referred to as “Utility tokens”. They can be used to acquire certain products or services, yet they do not constitute a general-purpose medium of exchange, simply because they can generally only be used on the token platform itself.

b. Cryptocurrencies – Cryptosecurities

Secondly, cryptocurrencies should also be distinguished from a concept that has been referred to as “cryptosecurities”. In short it has been argued that blockchain technology could also be used to register, issue and transfer regular shares and other corporate securities, so that the capitalization table of a company is always accurate and up-to-date. Because this technological process would be secured with cryptography, it has been suggested that these securities be defined as cryptosecurities. The only connection with the concept of cryptosecurities, is that they both utilize blockchain technology.

3.3 Cryptocurrency users

A cryptocurrency user is a person or legal entity who obtains coins to use them to purchase real or virtual goods or services (from a set of specific merchants), to make P2P payments, or to hold them for investment purposes (i.e. in a speculative manner). A cryptocurrency user can obtain his coins in a number of ways:

- He can simply buy his coins on a cryptocurrency exchange using money or another cryptocurrency;
- He can buy his coins directly from another cryptocurrency user (i.e. through a trading platform - this form of exchanges are often referred to as a “P2P exchange”);
- If a cryptocurrency is based on a PoW consensus mechanism, he can mine a new coin (i.e. participate in the validation of transactions by solving of a “cryptographic puzzle” and be rewarded a new coin);
- In some cases he can obtain his coins directly from the coin offeror, either as part of a free initial offering of or in the framework of a crowd sale set-up by the coin offeror (e.g. a large bulk of ether was sold in a crowd sale to cover certain development costs);
- If he sells goods or services in exchange for cryptocurrency, he can also receive coins as a payment for those goods or services;
- In case of a “hard fork” of a coin´s blockchain, he will automatically obtain an amount of the newly created coin;
- Finally, he can receive coins as gift or donation from another cryptocurrency user.

3.4 Miners

The “miner” is who participates in validating transactions on the blockchain, by solving a “cryptographic puzzle”. As explained above, the process of mining is related to cryptocurrencies that are based on PoW consensus mechanism. A miner supports the network by binding computing power to validate transactions, and is rewarded with newly mined coins (i.e. through an automatic decentralized new issuance).

Miners can be cryptocurrency users, or, more commonly, parties who have made a new business out of mining coins to sell them for fiat currency (such as US dollar or Euro) or for other cryptocurrencies. At present, the risks associated with “mining businesses” appear to be underestimated. We will further elaborate on this bellow.

3.5 Cryptocurrency exchanges

A third group of key players are the “cryptocurrency exchanges”. Cryptocurrency exchanges are people or entities who offer exchange services to cryptocurrency users, usually against payment of a certain fee. They allow cryptocurrency users to sell their coins for fiat currency or buy new coins with cash. They usually function both as a house and as a form of exchange office. Examples of well-known cryptocurrency exchanges are: Bitfinex, HitBTC, Kraken, and Coinbase GDAX.

It is important to note that some exchanges are pure cryptocurrency exchanges, which means that they only accept payments in other currencies, usually Bitcoin (for example Binance), whilst others also accept payments in fiat currencies such as US dollar or Euro (form example Coinbase). Furthermore, many cryptocurrency exchanges only allow their users to buy a particular selection of coins.

It should also be noted that many cryptocurrency exchanges (i.e. both regular and pure cryptocurrency exchanges) operate as custodial wallet providers (for example Bitfinex). In general cryptocurrency exchanges offer their users a wide array of payment options, such as wire transfers, PayPal transfers, credit cards and other coins. Some cryptocurrency exchanges also provide statistics on the cryptocurrency market (like trading volumes and volatility of the coins traded) and offer conversion services to merchants who accept payments in cryptocurrencies.

3.6 Trading Platforms

Cryptocurrency exchanges, also called “trading platforms”, play an important role in the exchange of cryptocurrencies (and, most notably, allow cryptocurrency users to buy coins with cash). Trading platforms are market places that bring together different cryptocurrency users that are either looking to buy or sell coins, providing them with a platform on which they can directly trade with each other, imagine an “eBay” but for cryptocurrencies. Trading Platforms are sometimes referred to as “P2P exchanges” or "decentralized exchanges". They differ from cryptocurrency exchanges in a number of ways. First and foremost, they do not buy or sell coins themselves. Secondly, they are not run by a company that oversees and processes all trades, instead they are operated exclusively by software (i.e. there is no central point of authority). Trading platforms simply connect a buyer with a seller, allowing them to conduct a deal, online, or even in-person. A well-known example of a trading platform for Bitcoins is Local Bitcoins.

3.7 Wallet providers

Wallet Providers are entities that provide cryptocurrency users digital wallets or e-wallets which are used for holding, storing and transferring coins. In other words, a wallet holds a cryptocurrency user´s cryptographic keys. A wallet provider typically translates a cryptocurrency user´s transactions history into an easily readable format, which looks like a regular bank account.

In reality, there are several types of wallet providers:

- Hardware wallet providers, that provide cryptocurrency users with specific hardware solutions to privately store their cryptographic keys (e.g. Ledger Wallet, etc.);
- Software wallet providers, that provide cryptocurrency users with software applications which allow them to access the network, send and receive coins and locally save their cryptographic keys (e.g. Jaxx);
- Custodian Wallet providers that take online custody of a cryptocurrency user´s cryptographic keys (e.g. Coinbase).

3.8 Coin Inventors

Coin inventors are individuals or organizations who have developed the technical foundations of a cryptocurrency and set the initial rules for its use. In some cases, their identity is known (e.g. Ripple, Litecoin, Cardano), but even so, often they remain unidentified (i.e. Bitcoin, Monero). Some remain involved in maintaining and improving the cryptocurrency´s code and underlying algorithm (in principle without the administrator´s powers), whilst others simply disappear (e.g. Bitcoin).

3.9 Coin offerors

Finally, Coin offerors are individuals or organizations that offer coins to cryptocurrency users upon the coin´s initial release, either against payment (i.e. through a crowdsale) or at no charge, normally to fund the coin´s further development or boost its initial popularity.

Coins can be both distributed or are fully pre-mined/pre-created. In the first case cryptocurrency users can still generate more coins after the release. In the second case the coin offeror usually retains large portion of the coins (e.g. this is the case with Stellar). It is important to note that not all coins have an identifiable coin offeror, or are pre-mined, or even its full supply pre-created. A coin offeror can be the same person as the coin inventor, or another individual or organization.

3.10 Etherereum Blockchain

Ethereum is a decentralized platform that executes Smart Contracts: applications that are executed exactly as programmed, with any possibility of inactivity, censorship, fraud or third-party interference. These applications are executed on a custom blockchain, an extremely powerful shared global infrastructure that can move value and represent property. That allows developers to create markets, debt records, move funds according to instructions given in the past or future (such as a will or a future contract) and to show other things that have not been invented, all of which are intermediary or risky.

3.10. 1 Blockchain ERC-20

The popular cryptocurrency and blockchain system known as Ethereum is based on the non-use of tokens that can be bought, sold or traded. In this case, "tokens" represent a diversified range of digital assets, such as vouchers, IOUs or even real tangible objects. In this way, the tokens are essentially smart contracts that are used by the Ethereum blockchain. One significant token is known as ERC20,

which emerged as the technical standard used for all smart contracts on the Ethereum blockchain for token implementation. As of April 16, 2019, there were more than 181,000 tokens compatible with ERC20 in the main Ethereum network.

The Ethereum Network provides the first ecosystem in the world for software applications that are free, transparent and immutable. These software applications, generally in the form of smart contracts, can seamlessly interact with each other. To facilitate this process, various standard protocols have been developed, such as the ERC20 standard for a common "token" format, so that these smart contracts can transmit scant data, and transfer it to each other, as a centralized mediator. In 2018, each ERC20 token was distributed on a subject that is generally known by align with 'titles'.

The tokens are sold to 'investors' by a 'creator' on the pretext that the last will take actions to make the tokens more valuable. It must be clarified that Bitcoin is distributed through "bitcoin mining" and, therefore, is referred to as a "commodity" and not a "security". The first ERC20 token is listed as a "commodity", because it was distributed using only "Proof of Work Mining", identical to the Bitcoin model. This token is also transferred on a blockchain using a method very similar to Bitcoin and, therefore, face to interface with other software and the world in a way that is effectively identical to Bitcoin. This token has several advances that differentiate from Bitcoin, such as the ability to interact directly with the Ethereum Smart Contracts and the rest of the Ethereum Ecosystem without needing permission.

3.10.2 The functionalities of ERC-20

Functionality problems of ERC-20 include the method in which tokens are transferred and how users can access data referring to a specific token. Altogether, this set of functions guarantees that Ethereum tokens of different types will function uniformly in any place within the Ethereum system. As such, all the digital portfolios that support Ether currency also support ERC20 compatible tokens. To this day, ERC20 continues to be a crucial aspect of Ethereum, and it is provided that it will continue to exercise influence in the future.

Security, interoperability and scalability are crucial factors that affect the users of ERC20 tokens. Building a blockchain ecosystem is an essential part of, not only increasing the interest of people in cryptocurrencies as assets, but also to develop the need to use cryptocurrencies as P2P payments, that are capable of solving real-world problems that traditional technologies cannot achieve.

3.10.4 Why ERC-20?

As there is a possibility that the Bitcoin Blockchain will become a bad choice for the ICO, it is necessary to understand the problems that we encounter when creating new applications and models that are not the original Bitcoin Blockchain. These are some of the reasons why we chose to use Ethereum ERC20:

- The Bitcoin Blockchain was projected to be a monetary system, as the ledger of the balance of the account represents the internal state of the program. To execute OIC contracts, a general use program status is required.

- The Bitcoin Blockchain cannot be referred to as a complete scripting system, as it cannot find answers for any computer problem when it receives sufficient time and memory. A complete script creation system must, necessarily, be able to repeat or ignore instructions when certain conditions are met, as well as the capacity to store data as a variable. As the Bitcoin Blockchain is not a complete system, it does not support programming loops as a security measure. One

of the main reasons why Bitcoin is not a complete Turing system is because it does not support programming loops as a security measure. Programming loops activate a DOS attack (denial of service) because the attacker can tell miners to set infinite loops. However, this is a problem when it comes to implementing ICOs, because loops allow developers to verify and recalculate given data. An effective crowdsale requires the calculation of the total contribution for each new investor, date or date of the ICO and determined after certain conditions will be met and the tokens are distributed to investors during the ICO based on an algorithm.

- The blockage time of Bitcoin is very long for a cryptocurrency or ICO to remain viable or reached. At 10 minutes per block, the transactions can take more than one hour to be cleaned and, followed, verified from time to time to few blocks of depth of the chain. This means that new contributions to the collective sale will only be verified after one hour, and any subsequent ICO action will be added or delayed.

4. Multilevel Marketing

4.1 Introduction

The concept of running business operations through Multilevel Marketing is usually misunderstood worldwide. Little or none knowledge about the topic is most likely caused by a small amount of publications related to this matter, and also limited access to these publications. This state of affairs is not just bad for the full development of this type of business, but also gives rise to flawed interpretations of the current model by presenting it as something akin to a financial pyramid or quasi-business.

Despite these obstacles along the road, lately the activity of companies has been growing. Companies that want to gain competitive edge and put a foothold on the market by basing their marketing strategy on Multilevel Marketing or simply using some of its features to obtain specifics benefits to get more and more attention. Strong, constantly growing interest in such solution for introducing and distributing products draws attention to this area of knowledge, boosting demand for expertise and making it possible to work out clever and well- planned strategies. When you think about starting your own business, you much probably take into account the risk associated with the business itself, which is directly related to the amount of capital that has to be invested in the venture. Risk prone people usually accept such the challenge, those more conservative frequently don't. This is commonly associated with high market barriers to entry and huge amount of capital necessary to compete with current giants and major players in the market. Lack of experience and unawareness of common practices in a given sector is another reason that typically discourages people.

However, only a few of them know that the level of risk associated with capital and an idea can be properly managed and regulated in a flexible way using three different business models that can be used as a foundation for a business. The first is a well-known, typical business model, which involves skilful implementation of a concept by means of owned capital. In this model, the risk of failure is very high, as it is associated with two unknown variables. One of them is the questioning of whether an idea could be properly assimilated and recognized by the market. The second unknown variable is the uncertainty concerning the worldly famous return on investments. However, despite high level of risk this is the most popular business model. Another model characterized by comparably lower risk is the business activity based on a franchising agreement. It involves running business operations based on a previously adopted and tested concept. For the price of a license you get the so-called record book, which is a blueprint for a well-functioning company.

Proper implementation of the purchased blueprint should, at least in theory, lead to the development and survival of a company in the market. Nevertheless, this should not be accepted as a rule or a tested concept once, most of the time, the knowledge to implement a concept is not necessarily enough to guarantee a decent return on investment. Notwithstanding, it is possible to conclude that the mentioned business model is characterized by significantly higher likelihood of success than regular business activities.

The last model that can be used as a reference for a type of business is the Multilevel Marketing. This model, compared to others, is characterized by small level of risk or even the absence of it. This results from the lack of need to invest financial assets to implement a concept or buy an expensive franchising license. This is possible due to an operation based on recommending available products which in many cases have already gained popularity in the market. Additionally, this model does not require regular costs commonly associated with hiring employees because the working activity in the company is based on voluntary membership. This means that you can achieve a similar leverage effect as in typical business activities, but without the need to take the risk associated with hiring employees. Taking into account the low risk associated with no need of having an own concept, large amount of capital and costs associated with hiring employees, it is possible to conclude that this is the safest business model.

4.2 The essence of Multilevel Marketing

Taking into consideration the differences between different types of business models and the possibility of increasing the flexibility of the level of risk depending on the choice of the appropriate type of activity, it is possible, at least to try, to define Multilevel Marketing. In literature on this matter, Multilevel Marketing is also called network marketing. According to Don Failla, it is one of the fast-paced still most misunderstood methods of introducing products to the market. This happens mainly due to poor understanding of the system that Multilevel Marketing is often regarded as direct sales, pyramid sales or even pyramid schemes.

According to Wikipedia, Multilevel Marketing could be defined as a marketing strategy and a way of functioning of a company and its partners, also called independent distributors. Multilevel marketing is a branch of direct sale, i.e., it involves offering goods and services directly to consumers on the basis of individual contacts, usually at client's home, workplace or in other locations outside permanent retail sale venues. It is a way of thinking outside the box. Multilevel marketing allows sellers to build personal structures of partners, which provide additional commissions from their sales. Every seller in a decent multilevel marketing company has an opportunity to build his own structure of salesman in which everyone is rewarded based on the marketing plan valid for each company. At the same time achieving higher rank in company hierarchy does not necessarily mean higher earnings — as they depend on the above-mentioned marketing plan.

As much as the above definition accurately describes Multilevel Marketing as a marketing strategy, way of functioning of a company and a system allowing to build individual networks for independent distributors, classifying it as a type of direct sales is a big mistake. The same could be said about the claim that Multilevel Marketing is a form of retail sales. Don Failla, the author of "The 45- second Presentation That Will Change Your Life", discussing the basics of network marketing, points an important difference between these three methods of distribution. According to the author, looking from the perspective of consumers, there are only five basic methods of distribution of products. They are:

- Retail sale, which is the most basic form of distribution carried out by means of a retail branch, e.g.: grocery shop, drugstore, department store, online auction site.
- Direct sale — covering usually the sale of insurance, kitchenware, encyclopedias, etc. In this model of distribution commission from sold goods goes only to the seller who cannot build networks of his distributors. In order to sell products or services offered by a particular company, he has to be employed in the company as a sales representative. This means that he works for the owner of a company, who is his employer, thus, he does not work for his own benefit as in case of Multilevel Marketing.
- Multilevel Marketing — Don Failla analyses this term by defining marketing as transferring a product or service from the producer of service- provider to the consumer. Multilevel Marketing as a system of rewarding people who contribute to the sale of products or provision of services. In the Multilevel Marketing method people contributing to sale are those who recommend a purchase directly from a particular company. The person whose ID is provided in course of making an order is rewarded for a recommendation resulting in actual sale, as the bonus system is usually multi-level and allows generating passive income, that is, income that is not the direct effect of the work of recommending person. This works this way, as every person has the opportunity to build individual consumer-distribution structures. In other words, multi-level system rewards for directly recommended persons and recommended directly by direct ones.
- Mail order sale — This kind of distribution is characterized by lack of retail points in which goods could be exchanged for money. The client makes an order directly in the company after learning about its offer on television, in telephone conversation or from a received catalogue.
- Pyramid sales — is an illegal organization of sales, which is often mistaken for Multilevel Marketing. One of the main reasons for this is that illegal companies are presented as a multi-level system. The difference that makes pyramids illegal and Multilevel Marketing legal is the inability to distribute a product or provide service. If there are no sales of a product, it is impossible to talk about marketing. Companies by promising high sales convince participants to pay high one-off amount of money that allows them to participate in the program. Program is usually built in such a way that makes it impossible for participants to generate sales, once all payments go to the account of those organizing the business. Thus, pyramid sale is nothing like Multilevel Marketing, in which sale is always based on a product or service and the commission system rewards participants depending on the contribution, regardless of held position.

Don Failla's attempt to define various methods of distribution in a clear way shows the differences between them. It also allows to fully reject the claims that Multilevel Marketing is in the same group as pyramid schemes or direct sales.

Another interesting attempt to define Multilevel Marketing is that of André Blanchard, who defined it as an art of establishing and using contacts. Thus, Multilevel Marketing, according to the author, involves distributing goods and services through a network created based on contacts and ties between people and the participation of all members of the network in this activity. As much as this approach seems to accurately define the way independent distributors function, it doesn't cover the subject completely.

In order to fully illustrate the essence of the discussed notion, it is necessary to look into Multilevel Marketing from two perspectives. One of them is the point of view of the author of the concept, the producer or the company for which Multilevel Marketing is one of possible ways of introducing a new product to the market without bearing huge costs associated with promotion and without the need to transfer rights to a product to someone else. The second perspective is the point of view of an independent distributor for whom Multilevel Marketing is a model of business which doesn't require a concept or bearing the risk associated with investing capital, as in case of typical business activity or franchising. Such an approach makes it possible to define MLM as: method of distribution of products, in which costs associated with advertising and marketing are covered at the moment of actual sale.

Sales are fuelled by clients of the company who use their contacts to recommend the purchase of particular products. The company rewards the recommending person with a commission calculated based on the company's marketing plan for a recommendation ending with actual sale. Marketing plans create the possibility to generate unlimited revenues and at the same time eliminate risk associated with the necessity to invest substantial capital required to launch typical business activity.

4.3 Historical Background

Looking at the definition of the term, inadvertently formulated this way, it leads to questions about the origins of the discussed business concept. In order to follow the historical course of events, it is necessary to start the search in the Unites States where first written records can be found. The oldest one date back to early 1920's. During this period, in the United States, direct distribution of goods was an important part of social life. Many companies looking for opportunities for sale of their products opened sales agencies around the whole country. Producers delivered goods to agencies. Goods were later handled by direct distributors, for example, traveling salesmen. Such agencies were run by experienced employees who often used to introduce goods to the market themselves and used to start cooperation with and train new distributors. As the growing number of trained distributors generated higher sales, companies rewarded managers for the time devoted to new employees. Companies paid them either sums set in advance or gave them a share in the value of sales of new distributors.

The first company functioning based on these rules was established by William Casselberry and Lee Mytinger. From 1934 the company took care of distribution the products of such companies as California Vitamin Company and Nutrilite Vitamins. In 1941 the company implemented the first C&M marketing plan. Its main goal was to encourage distributors to work focused on sales, hiring and training new employees. On this basis, distributors could get 3% from sales of newly formed groups. Properly selected and trained partners naturally caused even higher sales to the company. The sales increase generated more profits to distributors who were even more eager to train newcomers.

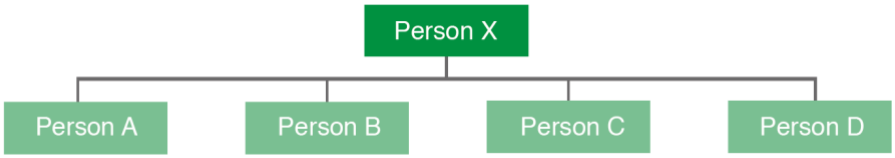
In the 1950's the company was hit by a crisis. In 1959 two partners — Richar De Vos and Jay Van Andel — left the company and established their own company — Amway. They started production of own goods. They worked out a special rewarding system, which was characterized by very fair division of profits, proportionate to the contribution of work to the expansion of the company. After a few years rapidly developing Amway Corporation took over Nutrilite. At more or less the same time another group of distributors left Nutrilite and formed Shaklee company. The difference between them concerned mainly the products they were dealing with. Whereas Amway dealt with household detergents, Shaklee dealt with nutritional and food products.

The success of Nutrilite and the C&M marketing plan attracted the attention of other companies like Stanley Home Products, Home Interiors and Gifts, Mary Kay Cosmetics to the Multilevel Marketing system. In the 1970's, Multilevel Marketing system also went to Europe. In 1969, British company Kleeneze dealing with direct distribution of goods, looking for new ways of selling products, recognized the method of Amway Corporation as very good and was the first to start using it. In 1973 Amway (UK) Ltd., as well as Shaklee appeared in Great Britain. In the United States the success of companies applying Multilevel Marketing attracted much interest. Several dishonest people gaming the system of commissions and membership, gave a foundation for creating the so- called pyramid scheme. Basically, it consisted of involving encouraging distributors to pay quite big subscription fees and promising that these payments would quickly pay back along with the expansion of the network.

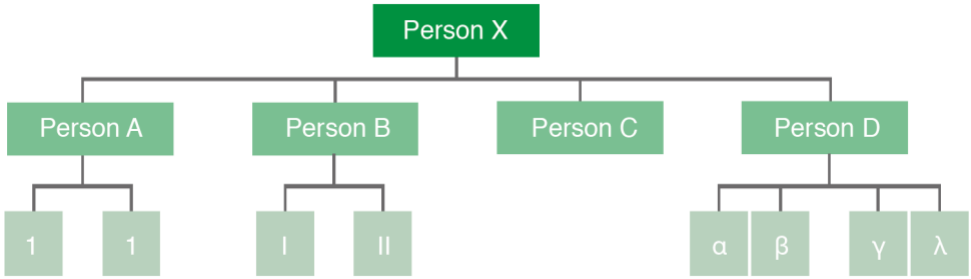
Moreover, people were encouraged to buy bigger and bigger batches of goods at higher discounts. As a result of this, many distributors blinded by visions of huge profits, bought a lot of goods and later had problems with selling them. The system was based on the gullibility of people and was used by deceitful, but convincing individuals. It also led to social concerns, which in turn resulted in the introduction of new legal regulations in all countries where MLM is used. A good example here is Great Britain where in 1973 the system of pyramid sales was forbidden under the act on honest trade practices. The introduction of similar regulations on the territory of whole Europe counteracted the dangerous phenomenon-untruthful entrepreneurs pretending they run MLM business. Legal definition of the essence of MLM allowed gradual and consistent development of the discussed type of distribution.

4.4 Our system: Unilevel system

In order to better realize the difference between forbidden pyramid systems and an authentic structure of network marketing, it is necessary to understand the rules of functioning of remuneration plans. One of the most basic remuneration plans functioning in companies distributing products by means of Multilevel Marketing method is unilevel system. It involves genealogical record of new clients directly under the person that contributed to their joining. This means that a situation in which person X invites successively persons A, B, C, D can be illustrated with the following diagram:



As it can be seen, persons A, B, C and D, from the standpoint of person X are located at the person's first level. Many companies that want to reward active clients take advantage of Unilevel system. A good example here is XYZ Bank, which does not distribute financial products through Multilevel Marketing, but rewards clients with $50 for a recommendation which converts to the opening of a new account. Thus, in case of person X this would be $200. Person A who invites persons 1 and 2 will get $100 and person B who invites persons I and II will also get $100. Person D will get $200, just as person X for recommending XYZ Bank to persons α, β, γ, and λ. The discussed situation is illustrated by the following diagram.



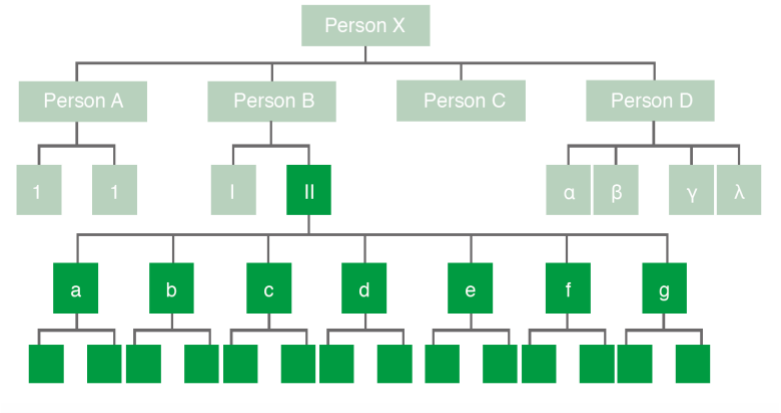
It is worth mentioning that in an Unilevel system, person X does not get a reward for persons recommended by persons A, B and C, despite the fact that person X contributed indirectly to their joining. To make such a situation possible, XYZ Bank would have to introduce a two-level Unilevel marketing plan. Allocating an identical amount of $50 for a newly opened account, $25 would be paid for directly recommended person in the first line and $25 would be paid for indirectly recommended people in the second line. As a result, person X contributing the same amount of work, that is, recommending four persons, would get a $300, instead of a $200 reward. Distributing evenly the amount of $50 rewards for five levels of the Unilevel system, person X will receive (assuming that everybody recommends opening a bank account to four other persons) $40 from the first line, $160 from the second line, $640 from the third line, $2,560 from the fourth line and $10,240 from the fifth line. This means that paradoxically, decreasing reward for direct recommendations and at the same time raising levels for which commission is paid brings incomparably higher profits for the same contribution of labour and time. As in the first and the second case person X recommended the bank to just four persons, it is easy to notice how big the effect of lever is in case of multi-level option. The reason why XYZ Bank would not decide to resort to a multilevel Unilevel system is probably the still popular stereotype concerning financial pyramid schemes. In order to highlight the differences between pyramid scheme and multilevel system of calculating Unilevel commissions, it is worth analyzing the concept of pyramid scheme and juxtapose it with a scenario for further development of drawn-up structure.

The concept of pyramid can be described as a situation in which people situated on top of the structure get most of the money generated by the work of people located lower. In other words, the concept of pyramid scheme could describe any kind of business activity, institution or organization. In order to prove it, it is enough to draw the organizational structure of any company, in which the ranks in corporate hierarchy are highlighted.

In the drawn-up structure of a company, various levels of organizational structure, starting with the owner and ending with regular employees are highlighted. The shape of the structure reflects the number of people employed at particular levels. Taking this into consideration, it is necessary to confront it with the remuneration allocated to particular levels. It turns out then that none of the regular employees is able to earn as much as people above him. In the presented model, the owner

earns the most using the lever effect, leveraging his efforts, deriving income from the labour of employed people. Thus, high salary is not the effect of his high productivity, but the effect of his position in a particular organization.

The situation in a multilevel Unilevel system is completely different. In this system, the more productive person earns more regardless of the level it occupies in a given structure. Analyzing an example of two-level Unilevel system paying out a $25 reward for recommendations from the first and second line, it is possible to illustrate the effect in the following way. Assuming that person II from the second line of person X is more productive than person X and recommends opening an account to 7 persons and each of them recommends opening an account to another 2 persons, we will have a situation in which person II earns much more than person X, even though it is located one level lower. This situation is illustrated by the following diagram.



In the presented diagram person II will receive $175 from the first line and $350 from the second line. This gives a total amount of $525, that is, more than in case of person X, whose commission amounted to $300. The fact that person II can earn more than person X proves that these systems cannot be regarded as a pyramid scheme. Obviously, this all doesn't mean that person X is unable to earn more than person. In case when the person is more productive and recommends products or services to more people, person X will achieve higher revenues than person II.

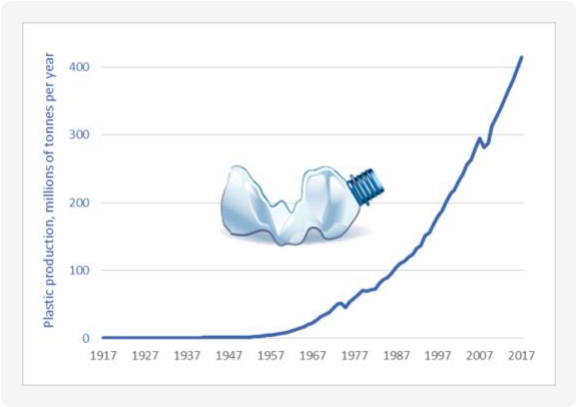
The system described above shows a system which is more just than any other, as it involves an honest mechanism rewarding most productive people. As in Multilevel Marketing Systems the effects of work are the main basis for calculating commissions, every participant is motivated to work in a possibly most effective way. However, such approach can often lead to dissatisfaction with results not proportionate to the amount of contributed effort. In order to avoid such discouragement and protect the company against slower pace of growth of structures, other mechanisms for the construction of the network have been introduced.

5. Viability of GaussCoin

5.1 Plastic around the world

While plastic has many valuable uses, we have become addicted to single-use or disposable plastic — with severe environmental consequences. Around the world, one million plastic drinking bottles are purchased every minute, while 5 trillion single-use plastic bags are used worldwide every year. In total, half of all plastic produced is designed to be used only once — and then thrown away.

Researchers estimate that more than 8.3 billion tonnes of plastic have been produced since the early 1950s. About 60% of that plastic has ended up in either a landfill or the natural environment. As you can see from the graph below the production of plastic has been exponentially growing since the late fifties.



We're seeing some other worrying trends. Since the 1950s, the rate of plastic production has grown faster than that of any other material. We've also seen a shift away from the production of durable plastic, and towards plastics that are meant to be thrown away after a single use. More than 99% of plastics are produced from chemicals derived from oil, natural gas and coal — all of which are dirty, non-renewable resources. If current trends continue, by 2050 the plastic industry could account for 20% of the world's total oil consumption.

These single-use plastic products are everywhere. For many of us, they've become integral to our daily lives. There is need to slow the flow of plastic at its source, but we also need to improve the way we manage our plastic waste. Because right now, a lot of it ends up in the environment.

Only 9% of all plastic waste ever produced has been recycled. About 12% has been incinerated, while the rest — 79% — has accumulated in landfills, dumps or the natural environment. Cigarette butts — whose filters contain tiny plastic fibres — were the most common type of plastic waste found in the environment in a recent global survey. Drink bottles, bottle caps, food wrappers, grocery bags, drink lids, straws and stirrers were the next most common items. Many of us use these products every day, without even thinking about where they might end up.

A staggering 8 million tonnes of plastic end up in the world's oceans every year. How does it get there? A lot of it comes from the world's rivers, which serve as direct conduits of trash from the world's cities to the marine environment. Plastic waste — whether in a river, an ocean, or on land — can persist in the environment for centuries.

The same properties that make plastics so useful — their durability and resistance to degradation — also make them nearly impossible for nature to completely break down. Most plastic items never fully disappear; they just get smaller and smaller. Many of these tiny plastic particles are swallowed by farm animals or fish who mistake them for food, and thus can find their way onto our dinner plates.

They've also been found in a majority of the world's tap water. By clogging sewers and providing breeding grounds for mosquitoes and pests, plastic waste — especially plastic bags — can increase the transmission of vector-borne diseases like malaria. If current trends continue, our oceans could contain more plastic than fish by 2050.

Another source that has caused concern is landfills. Most waste in the form of plastic in landfills are single-use items such as packaging. Discarding plastics this way leads to accumulation. Although disposing of plastic waste in landfills has less of a gas emission risk than disposal through incineration, the former has space limitations. Another concern is that the liners acting as protective layers between the landfill and environment can break, thus leaking toxins and contaminating the nearby soil and water. Landfills located near oceans often contribute to ocean debris because content is easily swept up and transported to the sea by wind or small waterways like rivers and streams. Marine debris can also result from sewage water that has not been efficiently treated, which is eventually transported to the ocean through rivers. Plastic items that have been improperly discarded can also be carried to oceans through storm waters.

The global volume of plastic waste continues to grow, and some of the biggest producers don't manage their waste effectively.

But the world is waking up to the problem, and governments are starting to act. There are a number of things that governments can do — from running public awareness campaigns, to offering incentives for recycling, to introducing levies or even banning certain products outright. In the last decade, dozens of national and local governments around the world have adopted policies to reduce the use of disposable plastic. And the number continues to grow. Africa stands out as the continent where the most countries have adopted a total ban on the production and use of plastic bags. Of course governments play an important part in this battle, but so do we. Although measures are starting to be put in place to prevent the use of single used plastic, it will be impossible to avoid its use forever. This is where we come in.

5.2 Power Plant

Unfortunately, we live in a world where governments and powerful International organizations do not take environmental actions, so it is up to each one of us to do what has to be done to preserve not only the Planet, but also life on the Planet. Gauss has invested heavily in the "acquisition" of the exploitation rights of a revolutionary patent that allows us to gradually alleviate this scourge.

Our scientists have discovered, through an innovative method, the possibility of transforming plastic into additive fuels such as gasoline, diesel, and paraffin.

Our transformation process contains countless technological innovations that allow us to operate from anywhere in the world with great safety, for a combustion process, where the entire system runs without any need for pressure control, as “we have discovered” a method where it is possible for the system to work with “zero” pressure.

Another huge problem with this type of equipment and operation is the release of toxic gases into the atmosphere, once again GaussCoin is at the forefront of the process and we have introduced a true technological revolution in our plants where all the gas produced by the combustion of materials in the reactor, instead of being released into the atmosphere, they will feed the entire production system as energy, reducing not only the gases released to zero, but also the energy production costs. These two factors place our plant technology at the top of the world in terms of this type of plant, operating in what we can call truly ecological and “GREEN” plants.

Another really important data is the amount of “Fuel” produced by each Kilo of plastic “burned”. Our plants, in their most customized mode of operation, are able to produce 0.5 liters of additive fuel for each Kilo of plastic burned. With this, we are guaranteeing our investors with, not only an excellent economic return in terms of investment profitability, but also an “expected” appreciation of our currency, taking into account not only its usability but also the financial and economic backing that we are building.

5.3 GaussCoin

500 Millions of coins:
A quantity of 500 million coins will be release in the Ethereum Platform.

OTC and Public Exchanges

The currencies will be primary issued and traded internally only in our system Gaussllc.com, and in a second phase in an OTC (Over-the-Exchange) – PATNORM.EXCHANGE. Once the network starts to grow and the currency price is stable, the founders may decide to list it on any public and regulated crypto exchanges.

OTC Exchange

A decentralized market, without a central physical location, where market participants trade with each other through various modes of communication, such as the Internet, telephone, email and proprietary electronic trading systems. An over-the-counter (OTC) market and a foreign exchange market are the two basic ways of organizing financial markets. In the ISGC credited market, selected dealers will act as market makers, quoting the prices at which they will buy and sell coins according to general rules provided by the founders and the community. A trade can be executed between two over-the-counter market participants without others being aware of the price at which the transaction was completed.

PATNORM.EXCHANGE Wallet

The PATNORM.EXCHANGE wallet is a gateway to decentralized applications on the Ethereum blockchain. It allows owning and securing Gausscoin, ether and other cryptographic assets built on Ethereum, as well as writing, deploying and using Smart Contracts. It is an autonomous democratic organization.

5.3.1 General overview

Our digital currency has a feature that makes it almost unique: it is backed by real assets, and collateral guarantees that make it more aggressive than most other existing digital currencies. In addition to fuel backing and collateral guarantees, GaussCoin also has social responsibility, a defined target audience, popularity incentive mechanisms, appeal to institutional investors, strong economic incentives and earnings, income distribution that go beyond earnings with the currency itself.

How is GaussCoin going to be used?

GaussCoin will be used to buy goods and services that are the starting point for coin holders to start building their financial freedom. All transactions will take place through an electronic platform based on futuristic technologic interfaces and protected by Blockchain technology.

How will Gauss Coin help build a network?

GaussCoin will also be used as a members input. The network will be increased by using a referral engine approach and a compensation plan supported by multi-level marketing. The coin will give holders direct and indirect benefits within the Gaussllc.com ecosystem.

5.3.2 Market value proposition

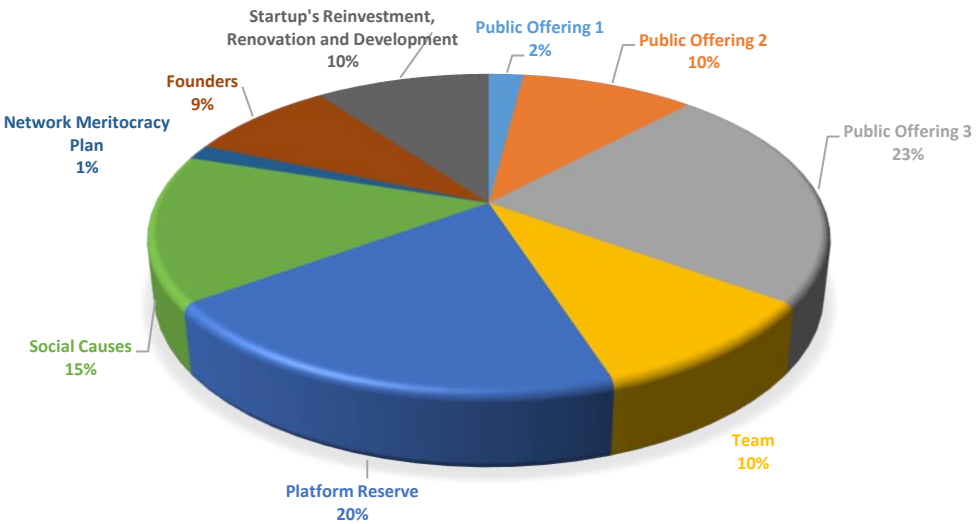
Our market proposal is truly ambitious, both in ecological terms and also in financial terms for all our members. We have real resources: fuel reserves produced at our power plants. Each GaussCoin is supported by fuel reserves produced in our plants from the use of used plastic.

5.3.3 Project performance

All projects and their performance will contribute to the currency's valuation as the profit will be redistributed to the ecosystem and then burned to increase the currency's value.

5.3.4 Coin issuance and its distribution

500 million coins will be issued at a price equivalent to US$0.25 per currency. They will be distributed according to the following 9 groups:



6. Conclusion

Commission calculation systems clearly show arguments that support the concept of running operations based on the business model discussed. In reality, any new company could hardly bring such rapid revenue growth and, at the same time, eliminate the risks associated with the need to invest capital.

According to the US Department of Labour and the Direct Sales Organization, the probability of earning $100,000 within the same period and with the same effort is five times greater in network marketing than in any other typical commercial activities. However, we have to remember that, to enable the launch of a real marketing plan, it is necessary to take into account a series of factors that are present in the environment. We also cannot forget the fact that market rules affect typical commercial activities, franchises as well as MLM organizations in the same way.

Operating on the basis of multilevel marketing distribution should always require in-depth analysis and assessment of the ability to achieve success. This meticulous and analytical approach should also guard against the risk of joining a pyramid scheme, which is often uncannily similar to MLM. Having a strong guarantee for our currency, i.e. fuel from proven and certified reserves, shows how serious and professional GAUSS is. Thus, we can start an incredible adventure without taking substantial risks, leveraging your business and increasing your chances of earning money on this agile and solid Multilevel Marketing platform.

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