

Abstract

The purpose of this proposal is to present the ApeCoin DAO with an investment opportunity for its treasury funds. The [Archblock marketplace](#) offers investors access to unique investment opportunities across alternative assets. Adapt3r Digital LLC ("Adapt3r Digital") is launching a U.S. Treasury Fund ("tfBILL") on the Archblock marketplace to provide investors with on-chain access to short-term U.S. Treasury Bills, which provide investors with stable returns and liquidity.

Authors

- Jonathan Pullinger: I'm mayc689.eth or Jonathan Pullinger in the real world. I'm the managing partner of the W3S Group (<https://w3s.group>). I have been working in crypto for just over a decade. I began as a Bitcoin miner before attempting to mine Ethereum but deciding to purchase it instead; since then, I have gone on to create tokens for several projects, including the fourth largest ICO of 2017 (<https://www.tatatu.com/>); Tatatu has since converted into a publicly traded company.

I also developed an NFT platform for the now-defunct RedKite before joining Outlier Ventures (<https://outlierventures.io/>) as a Token Marketing Expert in 2021, helping several projects launch and raise more than \$25m.

I have also worked within traditional finance; I worked for JP Morgan on the Beeline project, which involved researching every department spend on contractors and building an assessment of needs matrix to reduce headcount while reducing the number of approved agencies for staffing, reducing percentage-based commissions and helped to introduce a fixed fee model.

My Twitter handle is [@ApedLate](#), and My Discord name is JPinWeb3.

- Monica Ho: I'm the Head of Capital Formation at Archblock. I have been working in digital assets since July 2022. My background is in the banking and capital markets sector of traditional finance. My professional experience ranges from external audit at EY to capital formation and investor solutions at direct middle market lenders. I joined Archblock to democratize access to alternative assets and make fund management more efficient and transparent. My twitter handle is [@monica_s_ho](#)

and my Discord name is monicasho.

- **Bill Wolf:** Bill is Chief Investment Officer of Archblock. He has been in the specialty finance/lending, investment banking and asset management industries for over 30 years. Bill was a managing director at Goldman Sachs, HSBC and Credit Suisse. After 20 years advising companies on mergers and acquisitions and leading equity and debt financings, Bill co-founded and led as CEO, Lobo Leasing Limited, a global aviation leasing and specialty finance company focused on helicopters, based in Dublin Ireland. Bill left Lobo Leasing, where he remains Chairman, to assume his current role at Archblock. Bill graduated cumlaude from Amherst College with a bachelor's degree in Economics and also holds an M.B.A. from Harvard Graduate School of Business.

Motivation

As of July 11, 2023, the [effective federal funds rate](#) is 5.08% and [tfBILL](#) is positioned to capture a significant portion of the U.S. Treasury Bill yield while offering investors like ApeCoin DAO with 24/7 subscription and redemptions. U.S. Treasury Bills are backed by the U.S. government, which makes the asset class highly creditworthy. The combination of stable returns and daily liquidity makes tfBILL an efficient investment vehicle for ApeCoin DAO. Diversifying ApeCoin DAO's treasury and allocating funds to real world assets like tfBILL can help the treasury earn a steady risk-adjusted return to offset significant operating costs such as Coinbase fees.

tfBILL provides a current yield of nearly 5% and presents a vast \$171B market for transactions. By holding tfBILL tokens, ApeCoin DAO could gain direct, 24/7 access and accrue interest from short-term U.S. Treasury Bills. Managed through a smart contract vault, tfBILL is a pioneering fund. Utilizing smart contracts developed by Archblock, the tfBILL fund offers seamless access across both Layer 1 and Layer 2 networks.

Managed by U.S.-based Adapt3r Digital, tfBILL complies with strict U.S. regulatory standards for compliance and asset management. The fund's incorporation in the British Virgin Islands also ensures alignment with international regulations. This dual compliance makes tfBILL a trusted choice for non-U.S. institutional investors such as ApeCoin DAO. Once ApeCoin DAO goes through the KYB process, its wallet will be whitelisted and the DAO can continually deploy and withdraw capital from tfBILL.

The tfBILL fund is cost-efficient and will charge a reduced fee of 0.25% for the initial 90 days, offering an affordable entry point for ApeCoin DAO to deploy capital into the fund. Post this initial period, the tfBILL fund will operate with a fixed fee of 0.50%. If ApeCoin DAO deploys capital into tfBILL within 90 days from the fund closing, the DAO can earn a net return of approximately 4.75% (target return of 5.00% less management fees of 0.25%). The return ApeCoin DAO earns from investing funds in tfBILL can thereby offset the Coinbase custody fee expense.

About Adapt3r Digital

Adapt3r Digital is a U.S.-based fund manager specializing in short-term U.S. Treasury bills and adheres to U.S. regulatory

standards for compliance and asset management. The team combines multifaceted expertise in the asset management industry, spanning private credit, securitization and digital assets. The US Treasury Fund is incorporated in the British Virgin Islands and complies with all relevant regulations of its jurisdiction.

[Marcus Leanos](#) - Marcus, Co-Founder and CIO of Adapt3r Digital, has extensive expertise in alternative asset management, specializing in financial institution investing. Before Adapt3r, he worked at EJP Capital, a \$10B regulatory event-driven hedge fund in DC, and has deep knowledge of private equity, securitization, and venture capital. Marcus holds a BSBA in Finance and International Political Economics from Georgetown University (2017).

About Archblock

[Archblock](#) is the all-in-one platform for asset managers to originate and manage alternative assets as well as raise and deploy capital on the blockchain. Archblock brings asset managers and investment opportunities on-chain with the liquidity, speed, and global reach of blockchain technology. Archblock's software and service offerings are designed for institutional investors and alternative asset managers, starting with U.S. Treasury Bills and private credit.

About TrueFi

Archblock's marketplace is built on [TrueFi's](#) open, transparent and immutable financial infrastructure. The Archblock team developed and launched TrueFi in November 2020. TrueFi has since been handed over to the TrueFi DAO. TrueFi was DeFi's first credit-based lending protocol, providing on-chain infrastructure for capital formation and deployment. The protocol has facilitated over +\$1.8B in loans originated on-chain since inception.

Rationale

The proposal to allocate funds to the U.S. Treasury Fund aligns with the APE Community's mission and guiding values because the returns can help provide the community with the runway and funds necessary to support day-to-day administration and operations. Below are some additional details on the fund manager, investment strategy and regulatory matters to assist in the Community's diligence process:

- **Manager:** Adapt3r Digital is a U.S.-based fund manager specializing in short-term U.S. Treasury Bills. The team combines multifaceted expertise in the asset management industry, spanning private credit, securitization, and digital assets.

Should ApeCoin DAO members have further questions on the investment opportunity, Monica Ho can facilitate scheduling a call for you to meet with Adapt3r directly, or you can submit questions that Monica will coordinate answers for.

- **Fund:** tfBILL is incorporated in the British Virgin Islands, making it accessible to non-US investors such as ApeCoin DAO.
- **Liquidity:** tfBILL operates on a daily liquidity basis, aiming to process all redemption requests within one trading day. The high liquidity profile for the fund is attractive for ApeCoin DAO, as there is no capital lock-up period and the DAO can submit a redemption request at any point in time.

To ensure optimal fund utilization, approximately 95% of the fund's assets are invested at any given time. Cash drag is minimized through Adapt3r Digital's access to regulated treasury management offerings through US broker-dealers, which allow the manager to earn attractive returns on cash holdings, even during periods of lower investment utilization.

- **Controls and Asset Security:** The fund's operations are safeguarded by robust internal controls, including consensus-based approval mechanisms and role-based governance protocols. These measures are bolstered by multi-layered physical and digital security protections. On-chain assets are safeguarded by multi-sig operations, which require multiple private keys for transaction authorization. Off-chain assets are custodied with a FINRA-regulated broker-dealer. Regular audits are conducted by reputable third-party firms to ensure adherence to stringent security protocols.
- **Transparency:** Transparency is a cornerstone of Adapt3r Digital's operations. Adapt3r's integration with the TrueFi protocol ensures every transaction and fund allocation is recorded on-chain, providing an auditable, immutable ledger, which ultimately allows investors to independently verify transactions.

Once ApeCoin DAO invests in the fund, investors can view the underlying U.S. Treasury Bills held in the off-chain brokerage accounts via Archblock's investor reporting tool. Adapt3r Digital also integrates with Chainlink's proof-of-reserves technology, providing automated audits of underlying assets.

Regular audits are performed by independent third parties, and a third-party fund administrator publishes daily net asset value (NAV) reports, which are uploaded directly to Adapt3r Digital's Transparency Board.

- **Legal and Compliance:** Adapt3r Digital, as a U.S.-based fund manager, adheres to stringent U.S. regulatory standards for compliance and asset management. Additionally, the US Treasury Fund, being incorporated in the British Virgin Islands, complies with all relevant regulations of its jurisdiction. Our collaboration with institutional-grade, regulated service providers across both territories strengthens our commitment to high standards of compliance, making the fund a trusted choice for risk-averse investors seeking to preserve capital and earn an organic yield in a fully compliant manner.

Key Terms

- Target return: 4-6%
- Fund term: Evergreen
- Minimum commitment: 100,000 USDC
- Investor eligibility: Non-US investors; verified identity (KYC)
- Total fees: During the first 90 days: reduced fee of 0.25%. Post this initial period: 0.50%.

Specifications

In terms of portfolio access, non-US investors holding USDC in any non-custodial wallet or a custodial wallet that can be accessed using metamask institutional, walletconnect, or fireblocks (walletconnect-integrated) can invest in the portfolio. ApeCoin DAO will need to convert ApeCoin to USDC prior to investing in tfBILL. We are happy to discuss easy ways to onramp and safely hold USDC if DAO members have any questions.

Asset managers, such as Adapt3r Digital, build their portfolios on Archblock's combination of smart contracts. The smart contracts streamline and automate the execution of fund operations, such as disbursements, redemptions and reporting. Archblock's programmatic smart contract interface allows other smart contracts to interact with portfolios on the Archblock platform. Investors deploy and redeem capital via app.archblock.com. Archblock has implemented token standard code ERC 4626. Each iteration of portfolio protocols goes through a security audit and formal verification process. Additionally, the source code for the portfolio is on [GitHub](https://github.com).

Steps to Implement

1. DAO and participating members to conduct due diligence on the investment opportunity. Meet with Archblock and Adapt3r Digital as needed to ask any diligence questions.
2. Connect wallet on app.archblock.com and complete the identity verification and KYB process
3. Deploy USDC into the fund via app.archblock.com

Timeline

The Fund will launch in July and ApeCoin can deploy capital into the Fund anytime thereafter.

Overall Cost

Total Fees: During the first 90 days: reduced fee of 0.25%. Post this initial period: 0.50%.

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