

Andrey Voronkov Ventures

WHITEPAPER (DRAFT)

Tokenized early-stage startups investment fund, accelerator, and ecosystem

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1. Vocabulary

Blockchain: A form of distributed ledger, organized as a growing list of records, called blocks, which are linked using cryptography. Each block contains a cryptographic hash of the previous block, a timestamp, and transaction data (generally represented as a Merkle tree root hash).

Cryptocurrency (or crypto currency): A digital asset designed to work as a medium of exchange that uses strong cryptography to secure financial transactions, control the creation of additional units, and verify the transfer of assets.

DAO (or DAC): A decentralized autonomous organization (**DAO**), sometimes labeled a decentralized autonomous corporation (**DAC**), is an organization represented by rules encoded as a computer program that is transparent, controlled by shareholders, and not influenced by a central government.

Distributed Ledger (also called a shared ledger, distributed ledger technology, or DLT): A consensus of replicated, shared, and synchronized digital data geographically spread across multiple sites, countries, or institutions. One form of distributed ledgers is the blockchain.

Startup: A startup or start-up is started by individual founders or entrepreneurs to search for a repeatable and scalable business model. More specifically, a startup is a newly emerged business venture that aims to develop a viable business model to meet a marketplace need or problem.

Token: A unit of value issued by a tech or crypto start-up, intended to be a piece in the ecosystem of their technology platform or project. Tokens are supported by blockchains.

Tokenization: The creation of digital assets on blockchain in the form of tokens, which represent ownership rights to a certain asset or give the owner certain rights.

Valve-like mechanism for constant price growth – In a valve, air comes into the valve when the air pressure is higher than a certain value. It then stays inside the valve and does not come back out. Our goal is to make a token that either goes up or remains stable. This is done through the measurement of demand and the increase of demand mechanisms for price growth stimulation, together with a reserve currency mechanism for price stabilization during a market meltdown.

Price spread – The difference between upper and bottom walls, which is used by Voronkov Ventures for its operations, directed toward price increases.

Upper wall – The number of tokens, which is more than the market can purchase, which guarantees that the price does not go higher than the upper wall price.

Bottom wall – The number of stable tokens and coins nominated in the largest global currencies (USD, EUR, etc.) that is purchased with funds we get from **AVVP** sales. The bottom wall is needed to secure a lower token buyout price, which will not go down under any circumstances (even in the case of a market meltdown). **The bottom wall secures investors of AV tokens in a partially stable token strategy.**

Token reserve – Stable tokens, stable coins, stable cryptocurrencies that are used to buy out AV tokens using smart contracts according to the **bottom wall** price.

Reserve currency basket – Reserve tokens stored in a specified proportion (for example, proportional to their capitalization) on **AVVU** stable utility tokens buyout contracts.

2. Introduction

The accumulation of any resource leads to its inefficient usage and distribution. Centralized finances enable governments and large corporations to finance global-scale projects. However, while centralization helps bring resources to the biggest projects, narrow, important niches may lack efficient fund distribution for prospective innovative projects. Cryptocurrency, asset, and service tokenization provides an opportunity to fund early-stage innovative startups within high-risk fields neglected by traditional funding institutions. New technologies for asset trade and exchange enable maximally efficient economics in labor evaluation. Our goal is to find undervalued teams with brilliant innovative ideas that can change the world.

3. Our Philosophy

In our model of the world, humanity has free time from work and its main interests are the creation of new technologies, art, travel, family, or whatever anyone likes – except possessions and hurting the interests of other people. We expect that unity will result in the world, managed by AI, which in turn will be controlled by highly skilled professionals. Unmanned logistics will make goods delivery substantially cheaper, travel will be affordable for everyone, and emphasis will be placed on the development of space travel technologies and space exploration, hobbies, sex, and leisure. In this world, biomedicine will enable people to live forever and nobody will suffer disease.

4. Problem Statement

A centralized economy has certain problems with infrastructure and personal interests. For example, central banks, acting in their own interests, issue more loans to one bank and fewer to others for whatever reason – sometimes just due to conservative financial models. This inefficiency can be compensated with financial decentralization. Also, central banks have their own stances on the needs of various economic sectors. Centralization allows global planning for big problems; however, at the level of local, regional, or certain technology and economic subsectors, financial centralization is not efficient.

The weakness of financial centralization is that people with good ideas and projects who have no backing from banks and large investors cannot bring their ideas to the public. This problem can be solved through financial decentralization. In financial decentralization, everyone prints their own money and fills it with value, which can then be exchanged. Distributed ledger technology provides maximal security for private money or securities. Our goal is to bring these financial technologies to innovations with high potential ROI.

People have problems to solve and we want to create a platform that will help these people solve their problems by attracting investments. Our platform is oriented on organizing a community of our prospective clients and investors around our startups.

5. Why A Tokenized Fund

Over the last several years, a new mechanism for startup funding through the creation of independent tokens, which are a type of virtual asset, emerged. Cryptocurrency assets differ from traditional financial markets as the early start of public offering happens right from the beginning. This means that the use of utility tokens for goods exchange, as well as their use as securities, is reflected instantly on their price on cryptocurrency exchanges.

5.1. Advantages of Tokenized Funds

- Ability to enter a startup as soon as possible
- Cross-border investment opportunities
- Easy access over the internet
- Easy enter and easy exit (at any moment, through exchanges)
- Tokens have the following advantage over bonds, shares, money, and loans: they can be all of these at once under certain conditions. Moreover, tokens can be hardwired/coded to the properties/delivery of any commodity or security thanks to smart contracts.

5.2. Why We Decided to Start This Fund

Our interest is to stimulate the development of promising technologies for the benefit of humanity. Any innovation or new technology that improves life quality, lengthens life, or spreads our civilization is beneficial. Our focus is the development of niche technologies and their assembly into complex projects, through access to financial technologies and solutions. A decentralized, borderless economy is the most efficient way to evaluate any asset and develop a good idea into a breakthrough technology.

Discounts that one can get during the investment process are proportional to the funds that can be invested. For example, we had a case when a startup offered us over 44% discount during a private presale with an investment amount over 300,000 USD. At the time we were unable to invest such funds and therefore lost an opportunity to invest in a decent company. Funds assist the use of collective investments to achieve better investment deals.

We see much to be done to remove international borders and enable free trade and free movement using unmanned transportation. Trustless financial technologies such as blockchains and smart contracts will be the basis of this new economy. We want to be a part of it and get a share in it.

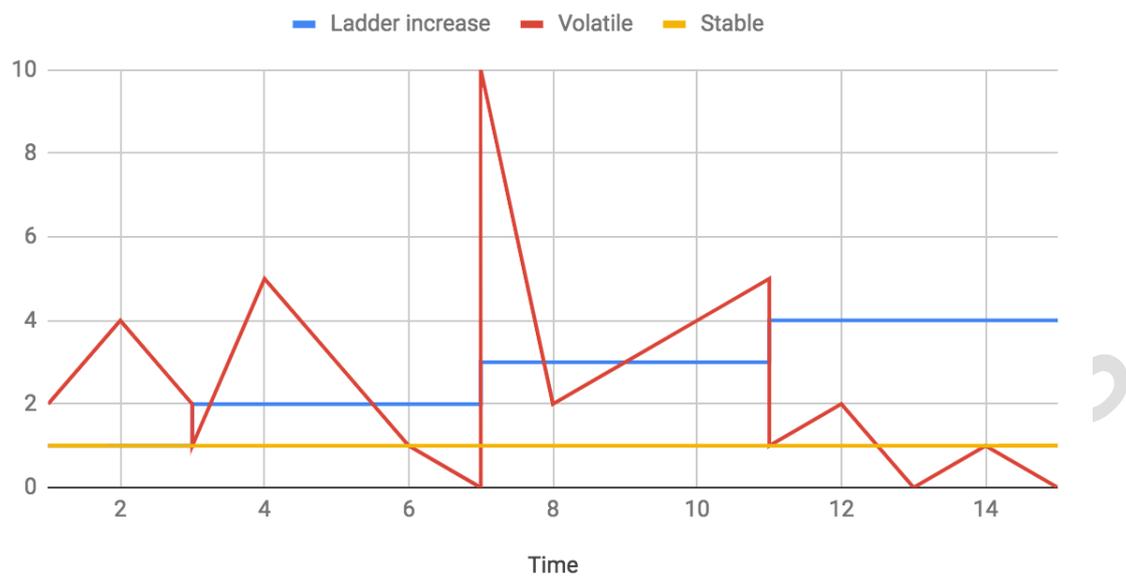
6. Advantages for Investors

- **All of the organization's activities and functions and that of its subsidiaries are managed by our DAC. We have gathered the most complete functionality for DAC management and investor rights protection mechanisms (see section on DAC).** Currently, the opportunities for managing their funds and controlling corporations substantially exceed the options provided by traditional ("paper") corporations.

- **We have three types of tokens:** Promo (Andrey Voronkov Ventures Promo – **AVVP**), Utility (Andrey Voronkov Ventures Utility – **AVVU**), and Security (Andrey Voronkov Ventures Security – **AVVS**) tokens.
- **What AVVPs give investors:** AVVPs will give a minimum 1% discount for the purchase of the other types of tokens. This percentage may rise further. The discount will be calculated based on the market price and may be raised in preparation for selling AVVSs and AVVUs. AVVPs are given away for promotional purposes: for bounty campaigns, motivating different suppliers, raising funds for marketing, and listing on exchanges. AVVP listings will show the minimum number of exchanges prepared to collaborate with the Andrey Voronkov Ventures Investment Fund. AVVPs will also be used for voting during the preparation of AVVU and AVVS sales as a consulting voice (poll). AVVP voting results will be influential, but not obligatory for fund management (in contrast to AVVSs, which will be managing funds and all aspects of the DAC). AVVPs are needed to get feedback from the community and assist with project planning and developing.
- **What AVVUs give investors: Hedging risks through a stable price for utility token (stablecoin) – Andrey Voronkov Ventures Utility Token (AVVU).** The AVVU is a stable token that has a buyout price (lower limit in price corridor) nominated in the currency basket and approximately equal to 1 USD (but more stable), and can also compensate for USD volatility by including other major currencies such as the EUR, GBP, etc. It is needed for fixing the amount of investments in stablecoins. It is far too complicated to plan a budget for service usage when the prices of services and goods are nominated in volatile tokens. Therefore, we advocate that all utility tokens should be stablecoins. The price of the stable token will be raised by fixing it at new levels, dependent on demand, so that the goal is to get a price that rises but does not decline. The token remains stable until either the demand for the token increases or the DAC decides on a new fixed price. In our road map, the final goal is to bring our fund to a Maker/Dai DAO model, where the Maker equivalent is Andrey Voronkov Ventures Shares and the Dai equivalent is AVVU (stable). This utility token will have a target price (equivalent of Dai target price) settled each time on a new level by the DAC, depending on demand of the token. You can read more about the Dai/Maker system here: <https://makerdao.com/>. You can see it on Fig.1 and Fig.7 (on Fig.7 price of utility token stays in defined corridor, while on Fig.1 it is fixed around certain level).

Below is a plot that reflects the fixed price value of a stable utility token, which is shifted up after certain (long) period. The price is fixed at a certain level but depending on demand and purchase order accumulation, the target price can be raised to a new fixed level.

Figure 1. Price value of a stable utility token



- **What AVVSs give investors:** The **AVVS** token will provide an opportunity to manage funds raised during a crowd sale, change transaction fees for all types of tokens, and in the future, participate in a DAO (DAC) that will manage the investment fund and define its policies. A platform for **AVVS** is not defined yet, but it will likely be either Ethereum or EOS (or Telos). The **AVVS** commission is suggested to be constantly burned. The transaction fee from **AVVUS** is suggested to be converted to **AVVS**, while the **AVVS** transaction fee is suggested to be burned.
- **Better deals and discounts for innovation investments.** The main purpose of raising funds through crowd sales is to raise funds for startups. Efficient startup funding and management should lead to the constant increase of demand for our security and utility tokens. The **AVVU** is used to accumulate funds from small investors. These funds are invested into the buyout of shares with a high (volume) discount of 20-80%, depending on the case. These shares/tokens/commodities are then sold on our own exchange and nominated in **AVVU** tokens with the same discount as we get for our investments deals from startups. Shareholders/investors can thereby get the same discount on each investment as if they had invested a large amount of funds all at once (wholesaler discounts). Therefore, we have decided to create our own mechanism of stablecoin calculation, which is linked directly to the currency basket.
- **Niche professional expertise.** Investing in public token sales, cryptocurrencies, and traditional venture capital markets using niche panels of experts. Our main strategy is to select the best professionals in niche fields. Our founders' experience allows us to see the general picture and act as a visionary for our investors. Expertise is expected to be random and anonymous using defined set of parameters. Also, **DAC** investors may not accept experts' opinions and then startup crowdsale still will be organized and investors will participate by their own funds (not funds of **DAC**). Or investors can withdraw their funds from main **DAC** fund and fork it, if they do not support **DAC** policy.
- **Expertise in cryptocurrencies.** Thorough understanding of cryptocurrency markets and expertise in the field.

- **High ROI.** Very narrow, cutting-edge, early stage, high ROI (yes, high-risk) investment areas.
- **Community-driven crowd intelligence.** Risks are reduced through careful management, professional expertise, and constant communication with the community. Expert decisions are evaluated and approved by security token holders.
- **Creativity.** It is important not just to come up with a great idea for a project, or understand someone else's idea, but during each small step of the work toward the product constantly suggest both technological and organizational ideas and innovations.

7. Advantages for Startups

- **We take risks.** We are prepared to work in high-risk/high-gain fields.
- **We understand your needs and what you are doing.** Experts and specialists in niche fields of knowledge understand your idea and field well.
- **Crowdsourcing and crowd intelligence mechanisms.** New paradigms of crowdsourcing and crowd management can bring a strong and supportive community to your startup. This can help your startup with marketing, advocacy, finding employees, etc.
- **Synergy through horizontal partnerships.** Integration of different startups: we fit all our projects into a more general network and consider the general picture and thereby achieve a synergistic effect between our different startups. By interacting with our fund, you become part of a supportive ecosystem.
- **We accept early stage, high-risk/high-ROI startups.** We are prepared to work with you from the early stages – right from the idea and professional team being brought together.
- **Accelerator (ICO, Seed Factory).** We act as an accelerator and help our projects to prosper and deliver the product. This includes technical assistance, asset tokenization, **DAO (DAC)** formation, legal, HR, PR, and marketing assistance.

8. Focus Areas

Biomedicine

- Computing methods, high-throughput computing, big data processing
- High-throughput screening, organ-on-chip, other high-similarity models
- Genetic therapy, gene editing, genetic engineering
- Computer modelling, chemoinformatics, bioinformatics, high-throughput computing, quantum mechanics, big data processing
- Multitarget drug design, polypharmacology
- Methods of genetic therapy and engineering

IT and communications

- Online trade
- Data management
- Communications

Blockchains and cryptocurrencies

- Logistics, cargo transfer, cargo decentralization, smart contracts
- Laws, ownership change management
- Fund management
- Data management
- Asset exchange decentralization

Artificial intelligence

- Deep neural network architecture
- Learning without supervision
- Neuronal network integration
- Data processing and integration
- Text, audio, images, video recognition, data integration
- General superintelligence development
- Areas of application: biomedicine, data mining, environment, logistics, social networks, advertising, non-lethal military

Robotics and automotive

- Autonomous transportation
- Transports with combined functions: flying cars, water/air/land civil automobiles

Construction

- New construction, ecology, and health-oriented technologies
- Hospitality and realty based on blockchains and smart contracts
- New borderless communities (seasteading)

Social technologies

- Movement toward a border-free world
- Political parties and social movements for blockchain and cryptocurrency legalization
- Virtual and decentralized unrecognized states

Mass media

- Personalized mass media
- Friendly advertising
- Mass media based on new principles

Military

- We take a pacifist approach through certain types of weaponry. We support the creation of non-lethal military technologies that will allow armies to destroy each other's military infrastructure without casualties.

Other

- Other brilliant innovative technologies with high ROI and great market potential

9. Differences and Advantages

9.1. Protection of Investors' Interests

We believe that no external regulation is needed for blockchains, cryptocurrencies, or distributed ledgers; just an intelligent and rational investment process, done by investors and other community members, can be a basis for this market's development. An intelligent and rational investment process means that investors understand how technology will protect their rights.

Our main goal is to provide efficient funds and corporate management using distributed ledger and smart contract technologies. An organized **DAO/DAC** protect the interests of investors better than any government, or any promises and reputation of the founders. In a proper **DAC**, investors (shareholders) are completely in control of the funds and management of the organization. They can change the company's strategy, change the company's management, claim back their funds at any time, etc. Therefore, our main difference is efficient implementation of **DAC (DAO)** technologies.

9.2. Our Philosophy

- We prioritize our philosophy and vision of the world's future
- Our mission for technology development is a managing principle behind investments
- We love new ideas and being creative
- We love what you are doing because we love what we are doing

9.3. DAO (DAC) Structure and Function

DACs have a lot of flexibility and scalability and provide maximum investor protection compared with traditional corporations. The specific options implemented are defined by promo token owners before the public sale and by security token owners after the public sale. Below is a set of options that will be used by our funds and startups. There can be more, or less, depending on the specific case.

- The DAO (DAC) structure is designed and implemented right from the start, before the public token sale.
- Token holders can decide which portions of funding are released for funding company activities: amount, time, steps, and milestones.

- Token holders decide on the company's CEO (gets access to fund spending).
- Change of funding and change of CEO can be done not only through general assembly meeting (once a year) but at any moment.
- The most advanced entrepreneurs from traditional businesses have started convening virtual general assembly meetings, and this is considered a big innovation (<https://www.reedsmith.com/en/perspectives/2018/05/virtual-shareholder-meetings>). However, in our case, such meetings are vital and the only possible way to manage a digital decentralized corporation. They can be convened annually, monthly, or more frequently.
- The **DAO (DAC)** defines the way financial and other information is disclosed publicly. Special forms, guidelines, and bylaws are applied. Non-digital corporation rules and codes of conduct can be used in DACs as well.
- Shareholders (token holders) can receive dividends regularly – not just annually, but monthly, daily, even every second – and get the most benefits from compounding.
- Shareholders can decide to replace division managers or certain employees.
- The number of **DAC** participants is unlimited.
- All transactions are fast and full scalability.
- Shareholders decide what information will be disclosed publicly and what will be disclosed only to shareholders. Minimal requirements for information access can be decided upon, such as the number of tokens that a shareholder needs to possess to get access to a certain level of information.
- Each division's and employee's performance can be tracked and evaluated.
- Any procedure or corporate routine can be used in DACs also, including codes of conduct, corporate life management, and functions.
- Deflation or inflation models of all types of tokens can be chosen.
- The corporation's material assets can be managed through a set of the oracles and smart contracts. These assets can be used for any external interactions: merging and loans.
- All these rules and principles are implemented as routines and by-laws, managed under internal regulations, user agreements, and the corporation's court or an external court, and provided by the blockchain (analog is EOS).
- Easy formation of subsidiaries, company split, etc., using forks.
- DAC investors of IT startups decide, where code is stored. For example, DAC manages decentralized code storage and development of code architecture.
- DAC manages IP rights protection etc.

10. Market Analysis

10.1. Why the Current Market Situation Is Good for New Investment Funds

- It is good to buy something, when the price is comparatively low, before it starts growing.
- The market should be occupied, while competition is minimal. Depression on the market is a very good time for this. Our strategy is to be fully prepared for the start of new market growth.
- Although the November-December 2018 cryptocurrency market experienced a tremendous reduction, we are still confident that the future belongs to digital distributed assets. Therefore, the current market situation is best for preparing for its future growth.

10.2. Types of Funds That Will Prosper

We expect that self-regulated communities and decentralized electronic borderless corporations, managed by internal rules, will prosper in the future. We believe in a borderless and trustless economy managed by computer codes and embedded in distributed ledger technology. Our goal is to develop electronic distributed corporations and be amongst the first and main professionals on the market.

10.3. Why Distributed Ledgers

This is a unique market for attracting funding to early stage risky projects created by ICO/TGE/STO opportunities through blockchain and smart contract technologies. However, we expect it to be not only blockchain but traditional forms of ownership as well. On the other hand, we believe that **DAC/DAO/DAICO** forms of decentralized company management will overtake existing forms of corporations.

Blockchains and distributed ledgers provide maximal value to the work of startup teams. They help avoid bureaucracy and move a startup easily to the friendliest regulatory environment. In 2017 this led to the explosion of interest in private financial instruments provided by distributed ledger technology. The market overheated and by the end of 2018, speculative capital left the market and the market stabilized. The driving force behind the explosion in 2017 was, in our opinion, increased interest in the ICO mechanism, driven by Ethereum and other distributed ledger platforms with smart contracts. The absence of regulation and proper knowledge among investors led to the abuse of this mechanism and despair in the community of cryptocurrency investors.

Distributed ledgers, smart contracts, and oracles are three technologies that provide opportunities for decentralized borderless corporate management with flexibility and a plethora of options that were never available before. In fact, investor right protection in DACs

is potentially much better and more flexible than that which can be provided by any country's legal system.

10.4. Why This Market Is Prospective

- The seed and early-stage startup investment market have the highest ROI
- The market is unique and new, with a lack of professional players with both good knowledge of blockchains/crypto and a technical/scientific background for new technology expertise
- It helps to liquidate the startup funding paradox when it is most difficult for a startup to raise funds in its early stages (when funds are needed), while at later stages investors are eager to invest
- Using distributed ledgers and technologies and smart contracts, it is very easy to integrate different data management solutions and new technologies
- It is possible to attract funding from all over the world and build a community of supporters that will help manage and develop the project

Products on these markets can help us integrate different solutions into networks through smart contracts, oracles, and inter-blockchain bridges. For example, projects like decentralized fog computing can be perfectly integrated into any project because distributed computing allows us to calculate the oceans of data in any field of economics. The same can be said about artificial intelligence technologies. We started our work from the areas that are closest to the project founder's profile: biomedicine, high-throughput computing, artificial intelligence, and blockchains. These are areas we have been working on for more than 10 years and believe that they will help us to efficiently enter many other areas. At the same time, one of our products, the Seed Factory, is a maximum-scale platform; we intend to work with a wide range of products to solve a scalability problem at the beginning, and initially we have no restrictions on market types. We are interested in maximal scalability and flexibility of the platform.

10.5. Why the Cryptocurrency Market Declined and When It Will Recover

Several factors led to the market's decline.

Factor 1: Massive ICO failure. In 2017 a new mechanism, called an ICO, arose and caused a euphoria about cryptocurrencies. Unfortunately, it was misused. Many investors did not get what they were promised. This resulted from both a lack of regulation and a lack of professionalism among investors, who often valued their personal impression over facts and fundamental analysis.

Factor 2: Loan repayment. Loan money was used to pump the market and for marketing. At the end of 2017 and in 2018, cryptocurrency assets were used to pay back these loans to those who funded marketing.

Factor 3: Rise of Federal Reserve interest rates. In a way, it was not stocks and cryptocurrencies that went down in price, but the USD that becomes more expensive. The

cryptocurrency market was going down at approximately same time when shares of publicly traded companies went down also.

Factor 4: Dump of big amounts of cryptocurrencies. Big bitcoin holders like Craig Wright and others started their own products and began massive sales of bitcoins, which caused speculative capital to flee the market.

How and when these issues will be resolved

Solution 1: Proper blockchains with their own regulatory systems and STO/ICO. EOS self-regulated arbitrage can be used as an example. On these platforms, funds are controlled by the investors by designing a crowd sale. This means that crowdsales should provide the best technologies for fund management and investor protection. These technologies, platforms, and approach should get a good reputation and information about them should propagate in the community.

Solution 2: Once loans are paid off, the Federal Reserve and other central banks will have to either bring their interest rate down or leave the market. Lack of finances leads people to alternative financial systems. Reduced interest rates lead to cryptocurrency prices increasing. Therefore, we think that cryptocurrencies and blockchains are here to stay and the best way for big banks to profit from them is to purchase them now (at low prices), keep them, and start raising asset prices in the future through the reduction of interest rates. We think that in the future the banking community will be the main beneficiary of distributed ledgers, private finances, and smart contract technologies.

Solution 3: Federal Reserve rates will go down during the next phase of the economic cycle, when economy stimulation will be needed. The Federal Reserve interest rate is expected to start declining in the years 2020-2021, after which the Federal Reserve and the global financial system will never be the same again. Basically, any interest rate decline will lead to the quick growth of cryptocurrencies, and without an interest rate decline the Federal Reserve and other central banks cannot expand, which means that their share in financial markets will only decrease. Banks that are behind the Federal Reserve understand this, and in our world picture they are currently actively buying experts, technological solutions, and event cryptocurrencies via OTC markets. Therefore, the Federal Reserve will give way to a truly global financial system based on distributed ledgers, smart contracts, and oracles.

Solution 4: Once these token holders have sold their bitcoins, someone has bought them. This is a normal restructuring of an immature market dominated by several big players. This someone has intentions to profit from this purchase and will therefore probably hold these coins until their price begins to steadily rise. In the future, we foresee that this situation will change: cryptocurrencies and token holders will be more diluted and big holders (whales) will have a more rational strategy and will hold their assets more firmly.

11. Competitor Analysis

Due to the crisis and market meltdown, many cryptocurrency funds have stopped their operation. We continue to operate and expect to be a major player when the market gets back into a fully functional state. It is important to stay on the market when others leave it, to be ready for the next market growth cycle.

11.1. Crypto fund market review

Number of funds	
Number of active funds	
Provided feedback when contacted	
Number of inactive funds	
Investment areas	
Number of technological funds	
Number of tokenized funds	

Since 2016, the economic society has been facing the boom of blockchain technology and the related exponential growth of the cryptocurrency market. Due to this, more and more people have started businesses related to cryptocurrency and have made investments in this field.

According to coinmarketcap.com, capitalization of the cryptocurrency market peaked in December 2017 and then bottomed out in December 2018. 40% of the market consists of Bitcoins. We expect such volatility to continue, but it gives investors a great opportunity in both a growing and declining market, and the general trend is expected to be positive. Depression on the market is a good time to enter it and get a large share.

Figure 2. Amount of crypto funds

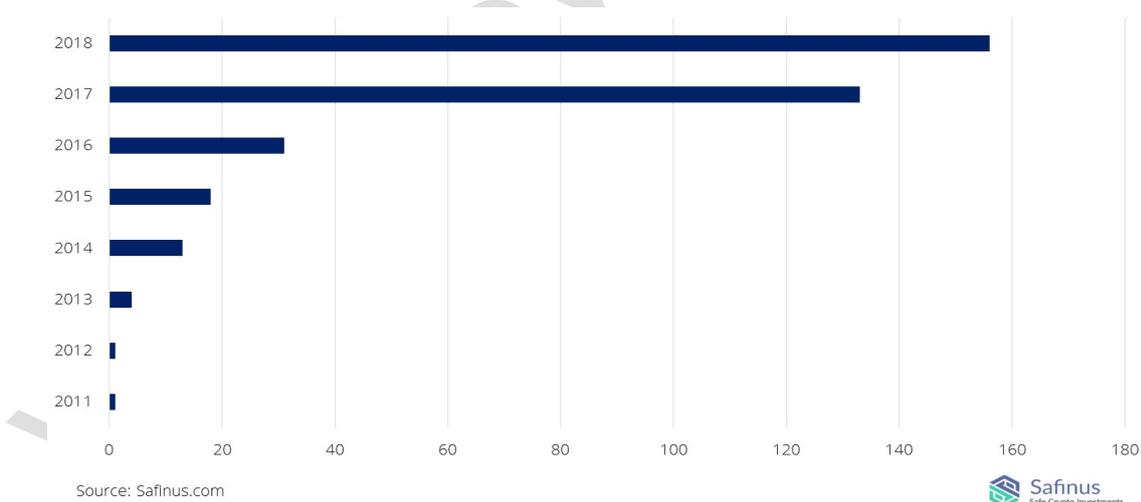
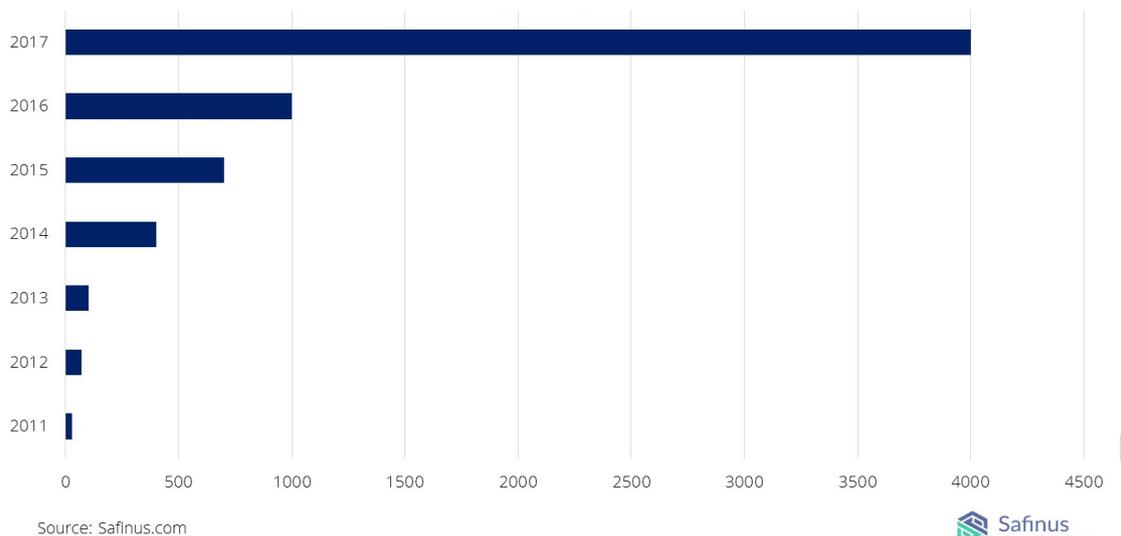


Figure 3. Amount of managed capital of funds (min., USD)

Today, these funds manage about 4 billion USD in total.



11.2. Reasons for Crypto Fund Popularity

There are several reasons for the proliferation of crypto funds as well as their managed capital.

1. Niche technical expertise is needed

The field is quite new, and the lack of qualified experts leads to a demand for fund management that considers all financial, legal, and technological risks for any platform and type of investments.

2. High market volatility

High market volatility attracts investors who prefer highly speculative investments. Tokenized funds provide their expertise and track events that affect market changes; the goal of tokenized funds is to instantly react to technological and financial landscape changes. Also, high volatility is a way to obtain enormous profits with little available capital. Numerous earning opportunities also contribute to the creation of new crypto funds.

3. The need for new investment strategies

Although crypto funds offer tools for effective investing, there are some tools from the traditional financial market, as well as investment strategies, that are worth borrowing and adapting to the modern trends of crypto markets. Therefore, the need for new, more effective strategies leads to the emergence of new funds.

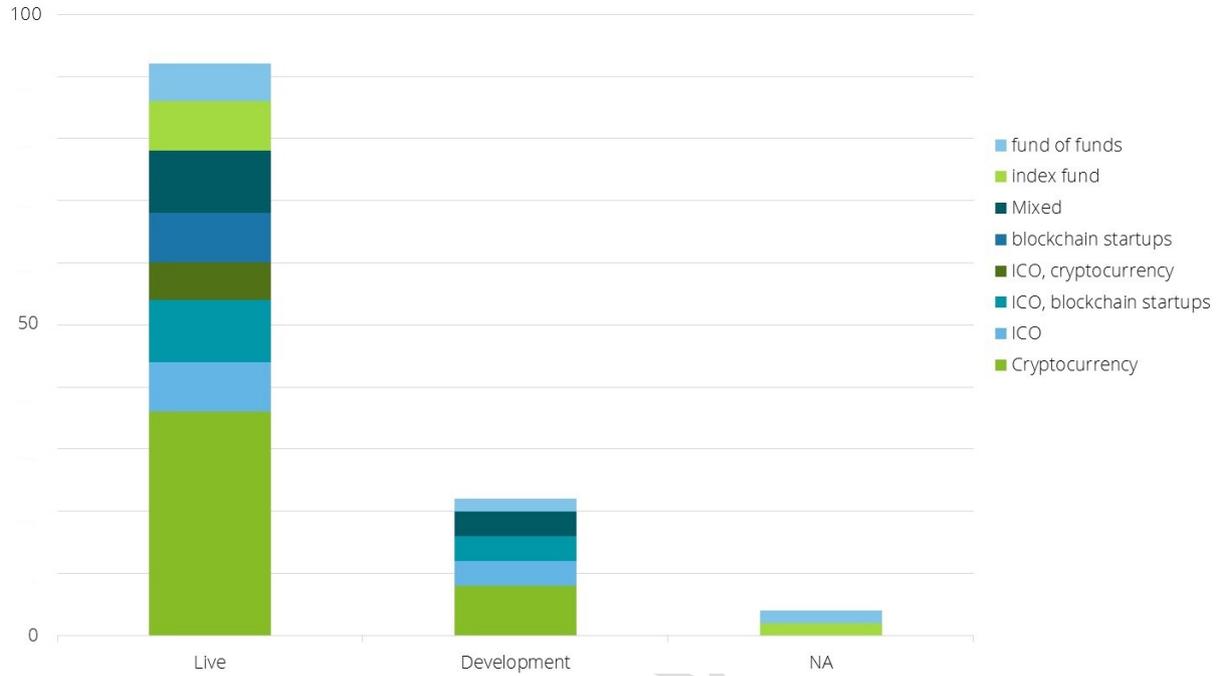
4. DAC management is easy and safe, using proper tokenized funds

As was mentioned in section 9.3, decentralized digital corporation management based on trustless and borderless technologies is the only possible future of global finances.

Based on transparent research among functioning funds and those under development, we found the most popular investment strategies. Most functioning crypto funds prefer to invest in cryptocurrencies on the market – almost 40% of all crypto funds – while only 10% invest in ICOs. Another 15% invest in blockchain startups while operating as a classical venture investor. The rest prefer not to limit their activities and classify themselves as mixed investment funds. Additionally, there are several index funds within the crypto market. We see

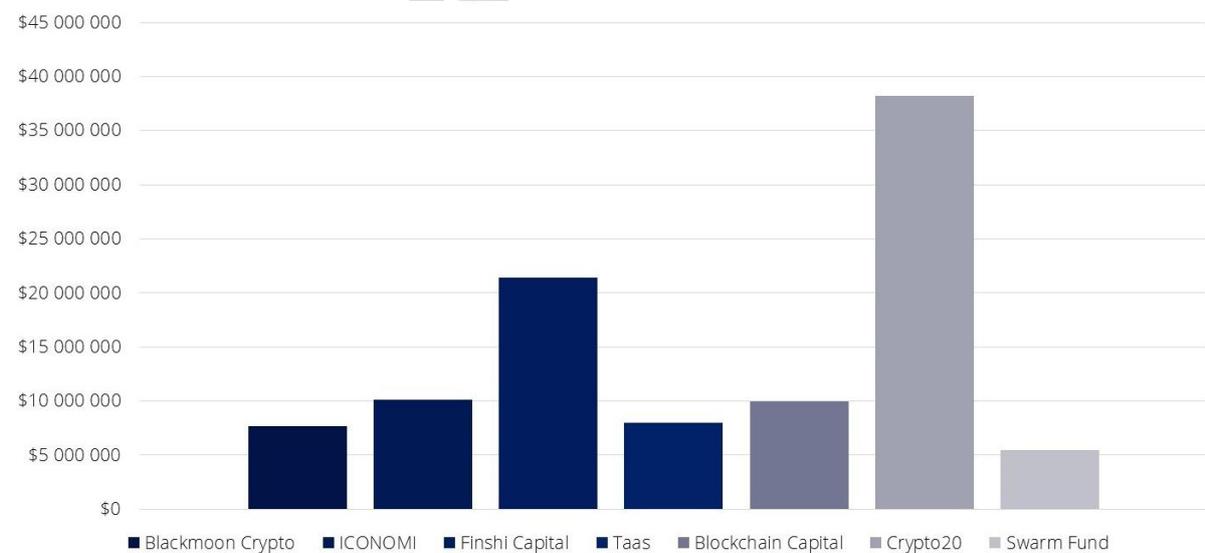
a positive correlation between the number of new strategies and the number of new crypto funds appearing. More crypto funds springing up will lead to the development of more investment strategies.

Figure 4. Investment strategies preferred by crypto funds



Unfortunately, almost 60% of funds do not have a firm foundation and are not able to manage capital to generate profit due to a highly volatile market. At least 40% of funds close after a year of activity (Source: icoinsider.tech).

Figure 5. Crypto fund ICO results



11.3. Market Collapse and Future Opportunities

In 2018 pessimism started to spread through cryptocurrency markets. Expectations from ICOs started to decline. You can see more about our vision of causes in section 10.5, together with other reasons this has pushed regulators to be unfriendly to ICOs and especially cryptocurrency fund regulations. Many different investigations against ICOs and cryptocurrency startups (like EtherDelta) have prevented market growth. See: <https://cointelegraph.com/news/sec-report-notes-dozens-of-investigations-into-icos-at-end-of-fiscal-year> and <https://cointelegraph.com/news/us-sec-charges-fines-etherdelta-founder-with-operating-unregistered-securities-exchange>.

One may see that public markets also suffered from monetary policy and the rise of interest rates by the Federal Reserve. Many cryptocurrency- and blockchain-oriented funds became inactive due substantial losses. Others have focused on trading strategies and won by taking advantage of the bear market.

Geography of funds invested in cryptocurrencies, according to the following list: <https://docs.google.com/spreadsheets/d/1wYHnO6jIjgJWnI3Ze4jHrnJrU0SEaXOL7sP21ky0QNw/edit#gid=439446732>

Data may be incomplete, especially for such regions as Africa and Asia.

11.4. Resurgence

The crypto funds market is one of the fastest growing markets not only in crypto-related markets but in all economic activities. In coming years, we predict that the market will reach the benchmark of traditional currency investment funds market which, according to Deloitte, can be estimated at 50 trillion USD.

12. Technology

12.1. Blockchain platforms and DACs

Technologies for DAO management will be discussed with token holders.

- Distributed ledgers (blockchain or others) are used for token offering and DAC management. **Before crowd sale, platform for DAC will be discussed with the technology team and community of investors (AVVP token holders). After crowd sale it will be managed by AVV security tokens (AVVS) holders.** We have no final decision yet about a specific blockchain as a platform. The final distributed ledger platform for the DAC's management will be selected after consulting with **AVVP** holders. Currently, **AVVPs** are issued on the Ethereum platform. For DAC management, Ethereum, EOS, and Telos (EOS fork) are being considered. You can read more about these platforms on their websites:

- <https://www.ethereum.org>
- <https://eos.io>

- <https://www.telosfoundation.io>
- Decentralized governance and voting system
 - Technologies under consideration for DAC management: Vault (<https://electus.network>), Telos (EOS Fork)
- Decentralized messengers and communication systems
- Decentralized code and other file storage and code development
- Blockchain-based decentralized mass media and websites
- Oracle system that controls distributed property ownership

Research about corporate management on blockchain

We plan to actively interact with corporate management specialists to implement the most advantages approaches for corporate management on blockchain.

We consider DACs as future of the corporate management. In contrast to corporations, managed by traditional national laws, corporations on blockchain are very flexible and can be managed by internal by-laws. In principle, any by-laws can be implemented. By-laws can define how much shares are required to block a decision or overcome it. Shares of daughter, or parent companies can be used for voting etc. **Flexibility of DACs is outstanding and outperforms by far the traditional corporations, which are managed by unified laws.**

Some examples you can find in Section

12.2. Arbitration

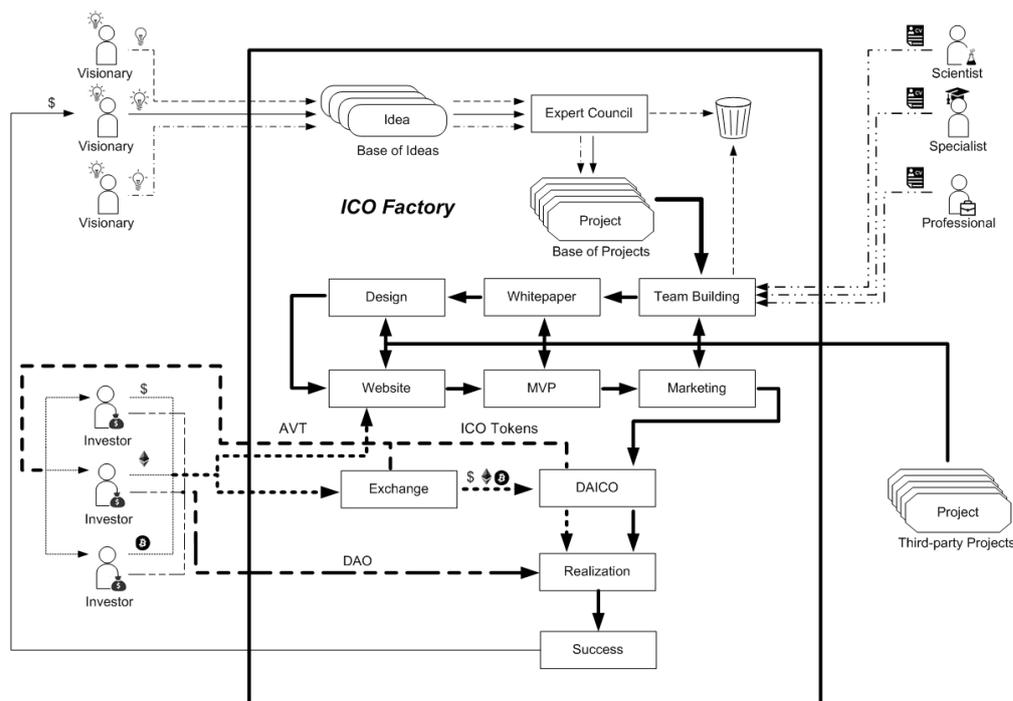
Arbitration is related to both the Voronkov Ventures fund and startups, created in the accelerator ecosystem. Arbitration and the internal legal system (by-laws) will be managed under internal arbitration system and by-laws (so it should be country and region independent), you can read more about it here - the Telos arbitration system (TBNA) and then may be moved into a separate blockchain as a fork of Telos. Main issue with current legal systems is that companies are registered in certain countries and certain legal systems, which should be accepted by all investors worldwide and may not be perfect for any specific startup.

https://resources.telosfoundation.io/governance_documents/TBNARP_Adopted_2018-10-26.pdf

12.3. Accelerator ecosystem

To describe our platform principles, we should consider it from four different sides.

Figure 6. Our accelerator ecosystem



The first side (visionaries) includes people, who have an idea they want to effectuate with the help of our platform (Seed Factory) and fund. Every community member can bring up a current issue and his/her vision of its solution, or simply share a startup idea for the optimization of an existing process. Having described the idea, s/he sends it for evaluation, which is necessary for all ideas before their public access. If the idea passes expert moderation, it falls into public access on the website and proceeds to the stage of team formation. In the case of successful implementation of his/her idea, or startup, a person earns a reward for his/her help in solving a problem with his/her idea, even if s/he did not take part in work on the product. All the above, in combination with near-zero threshold for entering, enable any person to solve problems, make the world a better place, and earn money through this.

The second side (investors) includes people, who have money and want to invest in interesting, vital projects for improving human wellbeing and make money with the lowest possible risks. Minimal investment risks are achieved on our platform because all transactions and investments go through the stable **AVVU** token, and all projects raising funds on our platform raise them according to the DAICO system and/or using reputable escrows (can be defined separately for each project), which allows investors to maintain control over financial flows and their investments during the entire project implementation period. Part of the funds go toward the buyout and burning of **AVVU** tokens.

All decisions on the management of available investments are made by investors according to the **DAC** system, and they can withdraw from the project and withdraw their investments at any time. Thus, investments into **AVVS** are protected by **DAC**. Also, we provide the option of investing in projects in their early stages, through pre-seed investments and manage investments through decentralized escrows.

The third side (scientists, specialists, professionals) includes people, who have relevant qualifications and a desire to be involved in the creation of something new, such as

solutions for the problems of humanity and developing the future of our civilization. Such people have an opportunity to offer their candidacy for any vacancies in any Seed Factory project; the platform's philosophy is, "Everybody is able to find his/her best field and help the world become a better place." This leads to all projects having an open pool of vacancies, and each idea approved by moderation automatically falls into a project base that is opened to the community. If a person's skills fit the described vacancy and other community and project members agree with this appointment, the candidate becomes a member of the team, his/her commitments and working conditions are documented in a smart contract, and s/he begins working. **Also, narrow experts and professionals are involved as experts for projects evaluation.** This evaluation is mutual. If expert made a mistake during project evaluation, this record is tracked, and expert's rating is changed accordingly.

The fourth side (projects) includes third-party projects at any stage before fundraising. Third-party projects can contact the Seed Factory team and the community for advice and assistance. This may happen via one of two scenarios:

1. The project team has faced a one-time difficulty, for example: they need a graphic designer to create a project's logo, a blockchain engineer to test the developed system, a smart contract auditor for verification, or a PR manager to increase brand awareness and attract new community members, etc., including any services provided by the portal <https://voronkov.io>. For any of these services, any third-party project can turn to the Seed Factory and its community once, having paid for the service with **AVVU** utility tokens. For more information on other services, please visit our website: <https://voronkov.io>.
2. The project team wants to join the Seed Factory and become a part of it. Such a project can be accepted into the platform for free and continue its development according to the Factory's scheme, observing all the system's conditions.

The prototype of the database of the projects and roles management is under development here: <https://voronkov.io/en/ico-factory>.

12.4. Internal Exchange

The Internal Voronkov Token Exchange will give an exclusive offer to token holders. All shares, stakes, and digital assets will be traded with a high discount on the exchange. Voronkov Ventures itself does not profit from reselling tokens. Therefore, if we invest in an early-stage startup with a discount rate of 30-40%, this startup's tokens will be traded on our exchange with a 30-40% discount. The technologies that are currently expected to be used in our internal exchange are a mix of bitshares (faster transactions) and atomic swap technologies (slower transactions, higher decentralization) and are still under consideration.

13. Financial Plan

NOTE: This is a preliminary (draft) financial plan, as well as a preliminary (draft) white paper. They may be changed in the future after consulting with **AVVP** token holders, or by a **DAC** decision through voting by **AVVS** token holders.

The main growth of the token's capitalization will be achieved due to the synergy of our startups in one ecosystem, tied to one token, as well as due to the attraction of numerous

startups, specialists, and investors to the platform. This will increase the volume of circulating currency and cause the natural increase of the token's price due to expanded demand. The funds raised for project implementation within the platform's framework will be in the fund, managed by investors using DAICO smart contracts. The profit received from platform activity and service implementation will first be directed to platform marketing and interaction with investors. We have two fundamental components – two main types of platform participants: investors and people who want to create startups. Therefore, our goal will be marketing for the attraction of these people to our platform.

Voronkov Ventures' main funds will be used for investment activities. 5% of the funds will be used for our Seed Factory platform. No more than 5% of the funds will be used for developing our website into a multi-functional portal that will have ICO rating, market capitalization data, an event calendar, and other features useful to the community.

13.1. Information Disclosure

Financial

The Voronkov Ventures project commits itself to weekly statements by all monitored social networks on fund movement for the week (this policy can be changed by DAC members):

- Volume of sold and purchased tokens
- Sale and purchase prices
- Average token price per week and trade volume
- Tokens use on the expenditure side
- Expenditure breakdown is carried out with an accuracy of 1% or listing up to 100 items. The accuracy of financial statements is up to 0.01 USD.
- The portfolio's current state will be displayed on Voronkov Ventures' official website. The state will be estimated using an API of popular blockchain explorers, which will provide a clear picture of the fund's state at any moment.

Strategy

The project commits itself to the following:

- Declaring changes in the fund's strategy
- Announcing key appointments to the team
- Announcing all fund news
- Showing which projects were invested in
- Opening project development policy – open Jira progress reports

Project progress

The main factor of increasing capital turnover is the introduction of successful startups into the market, which will use our token as the main mean of attracting money to the ICO (through investments in our token). Our token will be a fundamental exchange means on the platform. If any startup uses our platform for attracting funds, all its investments made in other tokens

will be converted into our token. The platform will also provide the option of paying for our platform services with tokens at a discount, directly on the platform.

Marketing budgets will be spent on the involvement and remuneration of marketing professionals and PR managers, the creation of an agency base on all social networks and crypto-enthusiast websites, and blockchain entrepreneurs. We will represent our platform at all events dedicated to cryptocurrencies, financial technologies, startup events, etc.

In the future, we plan to hold international events, where all our projects and all projects connected with the Seed Factory will be presented. This will allow for maximal communication with, and understanding of, the community and our products' users.

The Voronkov Ventures fund can be liquidated only in the case of the buyout of all tokens by the fund managers.

13.2. Investment Policies

- Investments in startups, both crypto and non-crypto (in the form of share ownerships, which will be tokenized)
- Classic venture investments
- Investments in cryptocurrencies on the markets
- Investments in public token sales
- Investments in blockchain/cryptocurrency startups using classical venture mechanisms
- Investments in non-crypto/blockchain startups using money raised on the crypto market
- Experts panels as described above (sections 6 and 12.3).

13.3. Token Types and Their Usage

Andrey Voronkov Ventures Promo (AVVP)

As mentioned in section 6, the **AVV Promo (AVVP)** is used for raising initial capital needed for marketing the main token sale and creating the **DAC** and will be replaced by **AVVS** during crowd sale. Therefore, sales from the **AVV Promo** will be used for the following purposes:

- Marketing and promoting the main public sale
- Bounty campaigns
- Paying employees and freelancers
- Airdrops
- Listing on exchanges (for getting working contacts with exchanges and showing potential investors the minimum set of exchanges, where **AVVUs** and **AVVSs** will be listed)
- Others

Andrey Voronkov Ventures Utility (ticker: **AVVU**, stablecoin)

The **AVVU** is a stable token with constantly growing (non-falling) value, when the bottom limit is settled. Initial sales are done by upper price, defined by spread (0 and higher), which in turn are defined by Security token holders. The token is used for hedging investments and for financing Voronkov Ventures investment strategies also.

In the case that spread value is 0, the **AVVU** corresponds to such stable tokens as Dai, USDT, TUSDT, and others, and has only one target price. When the spread is settled, bottom and upper target prices are defined by the **AVVS**. The **AVVU** has a limited amount, so its bottom purchase price will be constantly growing in a step-like manner. This token's price is fixed in the corridor between sale and buyout prices. The token is maintained within a corridor (price spread), the difference of which is needed for funding Voronkov Ventures fund operations.

When the market goes down and the fund is not functioning efficiently, **AVVP** is the only token for which **AVVS** security, as well as most of our startup's other tokens, can be purchased. **AVVU** is also the token for which all assets purchased by the fund will be sold.

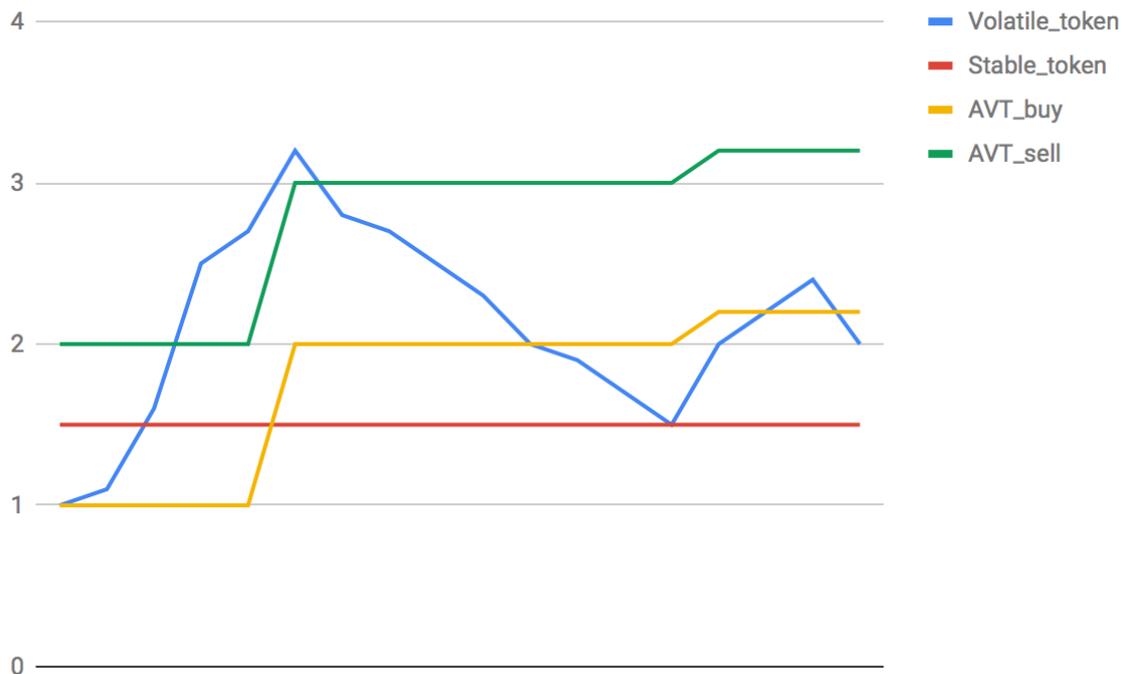
AVVU is issued after the public sale and used as an internal currency for the purchase of Andrey Voronkov Ventures services and assets.

How the price of **AVVU** will be raised

We will create a price corridor. Let us say we sell at Price 1, which is 50% higher than Price 2, or 0% for 100% stablecoin policy (% for transactions is taken only). We use the difference (or transaction fee if difference is 0) for investment purposes (see below: **Bottom Wall, upper wall, price spread, smart contracts, reserve currencies**). Spread can also be 0. Then only sales from security tokens **AVVS** are used to attract funds and commission from **AVVU** is used for funding operations. Spread is defined by security token owners as well as commission.

The DAC controls most of the funds and regulates the buyout price, which is constantly increasing. This is done in a step-like manner during certain periods of time through price fixing, so it abolishes volatility. Each increase in demand for **AVVU** either keeps it intact (stable) or raises it to a new level, where it stays, and the bottom price is supported by the amount of reserves that are kept in stablecoins on smart contracts to buy out **AVVUs** using the stable bottom price. Periods of price change are defined by the **DAO (DAC)** and happen, for example, 4 times a year. The closest analog is the Federal Reserve changing the interest rate several times a year. The difference between buyout and sell prices is regulated by the **DAC (AVVS)** (see **price spread** and **AVVS security tokens**). As shown on Fig.7, bottom and upper prices will provide a stable exchange rate for long periods and secure a constant price rise in the future. We call this a **valve-like** mechanism of constant price growth. In case if **DAC** is not successful, the price of **AVVU** remains constant (like in Maker/Dai DAO). We consider also in the future price formation mechanisms, using collateral and forked from Maker/Dai system.

Figure 7. Desired token behavior during periods of market growth and meltdown



We accumulate buy orders over a certain period. When the amount of buy orders exceeds a certain value, the buyout price (Price 2) is increased by the value connected to the amount of the purchase orders.

Stability mechanism for **AVVU**. Token price stability is supported by a basket of cryptocurrencies. The suggestion is based on our own observations and experience, together with data from the Forklog stablecoins review: https://forklog.consulting/stable_coins_report.pdf. Initial suggested basket for reserve stablecoins is below.

Starting reserves for AVVU

Reserve token name	% of token in reserve
TUSD	20
DAI	20
PAX	20
USDT	20
ASDC	20

The structure of reserves (tokens and %) will be defined by the **DAC** and before security tokens crowdsale it will be done in consultation with **AVVP** token holders. Each time a new reserve currency is added, either a new smart contract for **AVVP** buyout is created or an existing one is updated. Smart contracts as well as **AVVPs** can be created within different blockchains to secure token diversity and stability.

Transaction fee

- A percentage is charged from each **AVVP** and **AVVS** transaction
- Can be from 0 to 100
- Defined by **AVVS** holders

Smart contracts

Smart contracts are created for the exchange of stable cryptocurrencies for **AVVU**, or of **AVVU** for stablecoins, according to spread, buyout price, sell price, transaction fees, etc. Smart contracts that hold reserve currencies for exchange to **AVVU** have no owners and their code cannot be changed; their reserves cannot be withdrawn other than by sending **AVVUs**, or stablecoins to these smart contracts.

Reserve currency update strategy

The list of reserve currencies and their proportions will be constantly updated according to **AVVS**-holder votes.

Amount of buyout orders

Let us say that N_1 is the number of tokens sold by us at the price P_1 . P_2 is the buyout price. The corridor is set through a percentage.

Question: How much should prices P_1 and P_2 be raised – x times ($P_1' = x \cdot P_1$ and $P_2' = x \cdot P_2$) – for everyone who purchased at prices P_1 and P_1' to be able to sell tokens at price P_2' ? N_2 is the number of tokens that should be sold at price P_1' to buy out tokens both at price P_2 and P_2' .

$$P_1' = x \cdot P_1$$

$$P_2' = x \cdot P_2$$

x - rise of P_2 to P_2' and P_1 to P_1'

$$P_1 = a \cdot P_2$$

$$P_1' = a \cdot P_2'$$

a - % of corridor

Our goal: $N_1 \cdot P_2' + N_2 \cdot P_2' < P_1' \cdot N_2$. The number of tokens sold multiplied by the price they are sold at is greater than a' multiplied by the buyout number of tokens N_1 and N_2 by the new buyout price, P_2' .

$$N_1 \cdot P_2' + N_2 \cdot P_2' < P_1' \cdot N_2$$

$$N_1 \cdot P_2' + N_2 \cdot P_2' < a' \cdot P_2' \cdot N_2$$

$$N_1 + N_2 < a' \cdot N_2$$

$$N_1 < a' \cdot N_2 - N_2$$

$$N_1 / N_2 < a' - 1$$

$$N_2 / N_1 > 1 / (a' - 1)$$

The new corridor price is settled when the number of requests to buy **AVVUs** is so high that it allows for the buyout of both previous numbers of tokens plus the new number of tokens by the specified spread (spread can be 0, which makes tokens completely stable like USDT, TUSD, DAI, etc.).

AVVS (security tokens)

AVVS security tokens form a **DAC** as a consulting (advisory) board that provides crowd-intelligence wisdom for project founders to better manage the venture fund.

- **AVVU- and AVVP-linked:** Can be purchased only with **AVVPs** or **AVVUs**, with 1 **AVVS** = 10 AVVP through smart contract without ownership (contract has no owners)
- **Price spread setup:** **AVVSs** are used to set up the price spread between buyout and sell prices for **AVVPs**
- **AVVS transaction fee:** **AVVPs** are used to set up fee size for **AVVS** transactions
- **AVVP transactions fee:** **AVVSs** are used to set up fee size for **AVVP** transactions
- **AVVS manage DAC (see section 9.3.)**

Sources for AVVU price growth (Voronkov Ventures strategy)

- **AVVU investors get all Voronkov Ventures assets with discounts.** The main purpose of **AVVPs** is to purchase all tokenized goods (and not only tokenized goods) with big discounts on our internal cryptocurrency exchange and other markets.
- **Voronkov Ventures service purchase.** **AVVUs** will be the only means of exchange (barter) for the services of Voronkov Ventures Ltd. These services include the services of Voronkov Ventures Ltd. holdings.
- **Purchase of Voronkov Ventures subsidiaries.** **AVVU** is the only token for which 100% of subsidiaries will be sold.

Within the **Seed Factory** platform:

- The product's token will be the only means of investing in projects developed by Voronkov Ventures within the public token sale. Investments in Voronkov Ventures' ICO will be available only using **AVVU** tokens at their market (fixed to certain value, or by corridor) price.
- The product's token will give a discount on investments in public crowdsales of the projects that are not owned completely by Voronkov Ventures Ltd., but which were substantially invested at the early stage by Voronkov Ventures Ltd.

Exchange for Voronkov Ventures services: **AVVU** tokens will be accepted as the only asset that can be exchanged (within the barter) for services of Voronkov Ventures, such as:

- Advertising on Voronkov Ventures holdings media resources
- Service order for public sale conduct and organization
- Due diligence for projects going to ICO and searching for venture investments
- Payment for participation in events and conferences through the Voronkov Ventures Ltd. platform
- Exchange (barter) for any other services of Voronkov Ventures Ltd.

AVVS tokens go to public sale using **AVVUs** and s; income from selling **AVVSs** will go to project development and marketing.

How many tokens will be issued

7,672,986,558 (the world's total population at the moment of contract deployment) **AVVP** tokens were issued under the following contract:

<https://etherscan.io/address/0x783ba0062326861ee76e0e15429594922e9fe2f5>

Ten billion **AVVU** tokens will be issued at the price of 1 USD with a repurchase guarantee of 1 USD for 1 token and go to a smart contract from where only using one of the stablecoins can be purchased back (or generic stablecoin, based on basket). The second token, **AVVS**, will be issued in the amount of 1 billion, to which commissions from **AVVU** sales will be converted.

AVVS token holders manage the **DAO(DAC)** and define commissions for **AVVPs**, **AVVUs** and **AVVSs**. **AVVS** holders can decide to convert commissions from **AVVUs** as payment to **AVVS** holders.

Funds distribution

A financial plan is made for each month and then reported to investors:

- Investment in cryptocurrency/blockchain startups
- Investment in traditional startups
- Token price support and market-making
- Team funding and salaries
- Fund business development and marketing

Token holder benefits

AVVU stable utility token

- Repurchase price is documented in a smart contract, connected to stablecoins basket. Further through **DAC** decisions it can have other mechanisms, like world coin (averaged weights of world currencies) for stability support.
- Discounts for investments in startups of our accelerator, using **AVVU**
- In case of increased demand for **AVVU**, the stablecoin price is increased and settled on a new level for long period of time.

AVVS security token

- The **AVVS** has no fixed prices and represent shares of the digital corporation. Commissions from the **AVVU** token are used for **AVVS** buyout.
- The **AVVS** commission is settled by the **DAC**. We suggest this commission to be burned.
- New rounds of investments and coin/token offerings for **AVVSs** are possible (for example, after getting SEC commission permission) after approval by **DAC**; in that

case, **AVVS1** token holders will have the option to invest in **AVVS2** tokens with a discount.

14. Roadmap

The following is an initial and very general version of the roadmap, which will be updated in the future together with the white paper.

1. **AVVP** token is distributed through exchanges and airdrops
2. Finalization of team formation and marketing plan
3. Implementation of marketing plan
4. Development of core **DAC** functions for **DAC** management
5. Finalization of the white paper: technology, roadmap, financial, and marketing plans
6. Legal framework elaboration
7. Negotiation with investors; private sales
8. Increase of project in portfolio, elaboration of the project for the initial shape, attractive to investors
9. **AVVS** token public sale preparation and marketing
10. Public sale
11. Creation of the **DAC**, which defines final policies for **DAC** management, technologies, and roadmap before the first milestone is reached; funds released for the first milestone
12. Development of **DAC** for fund management, improvement of investment strategies, development of the fund
13. Elaboration of investment policies, expertise, and fund management mechanisms.

14.1. Legal research

We have conducted legal research of jurisdictions for public token sales with emphasis on the most suitable one. The current recommendations from our lawyers are either Malta or Switzerland.

Malta is the first country in the world to introduce a clear regulatory framework around ICOs, tokens, and cryptocurrencies. This will ensure that as a founder, you will have certainty about the treatment of your token. Malta, as a jurisdiction, does not regulate utility tokens. A utility token gives a token holder neither rights nor obligations. So as long as your token is a utility token, you are free to run an ICO through Malta. However, a security token that is not a security as per current legislation will be subject to disclosure requirements. These disclosure requirements are standard for serious ICOs. After all, you are giving rights and obligations to token holders. This would usually make your token more attractive than other ICOs, leading contributors to expect something in return. With this right, you naturally have more obligations. No genuine ICO wants its token holders to contribute without clearly knowing what they are contributing to. Choosing Malta as your ICO jurisdiction will give your token buyers peace of mind. Moreover, Malta, is ideal as a jurisdiction, as it is an European Union (EU) country. Also, banks and other institutions refuse to work with ICO companies located in offshore jurisdictions. This means that even though you could have a very successful ICO, you might not be able to operate efficiently, which is what every ICO participant would expect from you. Malta's very favorable tax system implies that you will not incur taxes on the money you raise

from the ICO. Also, Malta's corporate taxation system could mean that you would end up paying as little as 5% tax. Another consideration when choosing an ICO jurisdiction is personal tax. Malta has a very favorable personal tax jurisdiction. Introducing new incentives will mean that people in top positions will pay 15% tax on their income. Malta will not tax any income earned outside of its jurisdiction.

Liberland

Research shows that there is currently no jurisdiction that is 100% compatible with cryptocommunity needs, and the international nature of cryptocurrencies leads to the need for an international solution that will be accepted by different countries, regarding investment protection for their citizens as investors. Therefore, the most suitable jurisdiction must be chosen. Often, international relations and treaties create obstacles for legislations that are 100% friendly to cryptocurrencies. Therefore, micronations on new, libertarian principles and with the most cryptocurrency-friendly laws can provide the most favorable environment for cryptocurrencies. The most promising non-recognized state is Liberland, which has its own territory. Recently, the senate of Illinois, USA started a bill to recognize Liberland as a country.

By-laws and user agreements

We are considering two platforms, mostly for the management of our funds and startups in our ecosystem. These are EOS and Telos (a fork of EOS) blockchains. It is interesting to note that EOS users agree to use the EOS arbitration system, called the ECAF (EOS Core Arbitration Forum), rather than any local regulatory bodies. Therefore, the EOS system represents a community, where all members accept internal arbitration only to resolve disputes. Telos provides more options than EOS for managing **DACs** and provides its own arbitration system, called the TBNA

(https://resources.telosfoundation.io/governance_documents/TBNARP_Adopted_2018-10-26.pdf). This is the legal system that we prefer and which we think will be the most efficient for any blockchain community, rather than dependence on different (and sometimes even opposing) national regulations.

By purchasing any tokens belonging to Voronkov Ventures you agree with disclaimer below.

14.2. Disclaimer

Important: Please read the entirety of this section carefully. We recommend you consult a legal, financial, tax, or other professional advisor(s) or expert(s) for further guidance prior to participating in any purchase of tokens and/or other digital assets.

1. The **DAO (DAC)** is managed under the legal terms and by-laws listed below and those that will be defined by security token holders (**DAC**) in the future. Any disputes will be resolved through our internal arbitration system or the arbitration system of our blockchain. Currently the Telos arbitration system for the Telos **DAC** is the most prospective arbitration system. A second option the is the laws of Liberland. The third option is the laws of Malta.
2. You should also be mindful of the potential risks involved in token sales and any arrangements involving digital tokens. As these arrangements and the parties involved operate online and may not be regulated, you may be exposed to heightened risk of fraud, insufficient liquidity, or volatile and opaque pricing. You should fully understand the

features of any products or business projects you intend to fund, and carefully weigh the risks against the returns before making a purchase.

3. Voronkov Ventures does not provide investment advice and does not take your personal circumstances into consideration when posting information about token sales. A decision to participate in token sales, to buy, sell, or hold tokens involves risk and must be based on the advice of a qualified financial professional.
4. The use of any data or information about token sales and any linked content provided by Voronkov Ventures does not and cannot guarantee that you will make profits or will not incur losses. You must use your own judgment or consult a professional for advice on such matters.
5. All data and information on <https://voronkov.io> serve informational purposes only. Voronkov Ventures does not provide investment forecasts, recommendations, or consulting. Thus, neither <https://voronkov.io> nor its experts can be held responsible for visitors' investment decisions. Voronkov Ventures highly recommends that visitors conduct independent analysis or turn to professional services for assistance with any investment decisions.
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9. All information is provided "as is," without a warranty of any kind. Voronkov Ventures makes no representations and express, implied, and statutory warranties of any kind to user and/or any third party, including warranties as to accuracy, timeliness, completeness, merchantability, or fitness for any purpose.
10. Under no circumstances shall Voronkov Ventures be liable for any loss or damage you or anyone else incurs due to any activity that you or anyone else engages in based on any information you receive through <https://voronkov.io>.
11. Token sales discussed on the <https://voronkov.io> website have not been reviewed by any regulatory authority. Regulatory authorities have not confirmed the accuracy or determined the adequacy of the documents offering token sales. Any representation to the contrary is a criminal offense.
12. Tokens may constitute securities pursuant to applicable security laws.
13. Tokens may not be appropriate for, or offered to, investors residing in the United States (US). The Securities and Exchange Commission (SEC) has warned investors residing in the United States that token sales may constitute securities, and by investing in tokens

investors may be purchasing unregistered security offerings. US investors may be unable to recover any losses sustained in the event of fraud or theft. For more information on the position of the SEC and other regulatory authorities, please examine the following statements. These links are given by way of example. Please make sure that you have found and learned the position of the regulatory authority in your jurisdiction.

- USA: https://www.sec.gov/oiea/investor-alerts-and-bulletins/ia_icorelatedclaims
- USA: <https://www.sec.gov/news/public-statement/statement-clayton-2017-12-11>
- USA: <https://www.sec.gov/news/public-statement/statement-potentially-unlawful-promotion-icos>
- UK: <https://www.fca.org.uk/news/statements/initial-coin-offerings>
- Canada: http://www.osc.gov.on.ca/documents/en/Securities-Category4/csa_20170824_cryptocurrency-offerings.pdf
- China: <http://www.nifa.org.cn/nifa/2955675/2955761/2967610/index.html>

14. If token sales can be considered illegal in your jurisdiction, you are not eligible to participate.
15. By reading this, you confirm that the only place for disputes will be the **DAC** distributed ledger platform and its arbitration system only (currently Telos).
16. Legal systems are planned to be as follows. After the **DAC** is created – arbitration system of TELOS is used, or any other internal arbitration system, chosen by **DAC** members. The next legal system is Liberland's legal system (company's registration). Next is Russia (founder's citizenship), and then other systems may come, according to any possible laws and regulations. However, by default you accept that all disputes are done internally using the **DAC** system and TELOS arbitration system. This may change in the future before the public sale of security tokens (**DAC** electronic shares). Currently, **AVVP** tokens have no obligations from Andrey Voronkov Ventures, except the right to give non-obligatory advice to company management for further development and certain discounts during the public sales of other tokens. Discounts will be defined by the company's management after consulting **AVVP** token holders.