

CoinFundInvestGold

“Golden Human Capital”

“Connecting Opportunities”

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Problem Statement

Slowly, we are entering into the era of advanced technologies which we haven't even dreamt about. And startups play a significant role in technological development, even though it may seem that only big corporations create something worth looking at. Very often prospective startups with bright ideas present the real value, but frequently the potential is overlooked by investors and startups get underfunded. CBInsights analytics team [concluded](#) that more than 70% of the startups fail during the first 20 months after they get funded.

Startup market is growing at breakneck pace. [Startup Genome reports](#), during 2017 the industry has raised more than \$140 billion in venture funding, hitting a new record over the past decade. Total value creation has increased to 25.6% comparing to 2016, breaking \$2.3 trillion mark. It clearly shows that we are going through the serious changes, entering the "third wave" of the startups, which includes the most technologically advanced industries at the moment like Blockchain, Artificial Intelligence, Robotics, Cybersecurity and other.

In the same time, the "second wave" of startups slowly gets declined. It includes internet companies, social applications, digital media and other sub-industries that created the existing digital infrastructure. Hence, this field gets overcrowded, and increased competitiveness doesn't allow startups to make a single mistake when they get the investment. And what's worse it is way harder to get an investment in the "old domain", because most of the systems, services or products are already created, and it requires too many resources to bring something new into these sub-industries.

The "third wave" that we are stepping into can be considered as risky regarding the investment because technologies are young and not well established yet. Thus, it creates a vacuum between startups and investors, because the first believe in technology, but the second are afraid to participate in prospective projects. And to get the desired investment, the project has to fully comply with complex venture capital or other financial institutions' funding requirements. Thereby, thousands of startups all across the globe get underfunded, or not funded at all, leaving much space for independent funding companies to take full-scale action.

To resolve the existing problem, the industry has to ease the bureaucracy and make the investment accessible for different SMEs. Moreover, from the technological standpoint, there should be a solution, allowing to make an official investment regardless of any jurisdiction where an investor resides. Thereby, a system in the form of a crowdinvesting platform has to be developed, uniting both investors and companies in one place.

Most Frequent Startup Struggles

Considering the statistical reports described above, the industry is growing fast, showing that it's possible to get the initial or additional funding. time the project has to go through the complex legal process if it wants to get funded. Mainly, startups turn to venture capitals, banks, crowdfunding services, private investors and other institutions which demand a strict and complex set of requirements which include:

- Scalable business model
- Customer base
- Market need
- Corporate and legal formalities
- Capital contributions, membership (or partnership) interests, capital accounts and tax and related matters documents
- Profits, losses and distributions documents
- Fiscal documents
- Fund management documents
- Good credit score
- And many more

Hence, the following requirements create a very aggressive bureaucratic environment which make the funding process mundane and ineffective. Startups end up losing excessive amount of time in hopes to get even a tiny piece of investment, so it can start developing the product. Besides this, there are dozens of the other factors which dramatically affect the project success as well: weak management, lack of leadership and delegation, poor accounting, premature growing and other factors that go beyond the main topic.

Startups get into situation where funds are not easily accessible and it pushes them away from working on their product. The industry has an underestimated potential to help this situation. Globally, there are millions of non-accredited investors who are eager to pour their money into a new startup, but they can't simply do that because of the jurisdiction restrictions. Basically, if investor wants to buy stocks of a foreign company, then he has to be physically present in a country where the company is established. Moreover, he has to find a broker to move the legal process forward, eventually buying the secondary stocks.

It's important to note, that non-accredited investors can't enter the primary market, because it requires to be compliant with SEC regulation which says that investor's annual income should exceed \$200,000 or net worth equal to or more than \$1 million. Thus, both startups and investors are locked between certain restrictions that can't be easily overpassed. The global problem was described thoroughly, but let's break down some issues in detail when companies are looking for support turning to VCs, banks, crowdfunding platforms, private investors and other.

Funding Sources

What's important to note, any startup regardless of the funding source it turns to, has to develop a competitive product which can withstand the verification process created by different financial institutions. This process is very important because it allows to find strong projects that will survive on the market. But in the same, the number of requirements may be overwhelming, stopping the start up on the early stage.

Banks

One of the ways startups can get funded are traditional bank loans and the bank is going to want a lot. When it comes to an investment, banks usually do not invest in startups, nor their business plans, because the money that they are potentially investing belong to depositors. Thereby, banks invest in the guarantee in a form of collateral, accounts receivable, accounts payable and many other factors ensuring that invested depositors' money will be returned in some way. Often, they take into consideration the following:

- Collateral
- Business financial details
- Audited financial statements
- Personal financial details
- Insurance information
- Copies of past returns
- Accounts payable
- Accounts receivable
- Business Plan
- High credit score

That's the way how they reduce the risks associated with funding, and very often it's hard for new entrepreneurs to get a decent funding from the bank, because it demands too much, securing itself in all ways.

Venture Capital

According to [MoneyTree report](#), the US venture capital funding has reached a \$74.5 billion mark in 2017, investing in more than 5,365 deals. Around \$164.4 billion were invested globally by VCs, funding 11,042 deals. But regardless of that, when it comes to the venture capital, the funding won't be an easy task, because they conduct a lengthy legal process and negotiations take long time in a desire to get more of a company. Besides the controllable factors that company can take the ownership of in order to get funded, there are several uncontrollable ones:

- They have lost money investing in a particular category
- VCs don't seem to feel that product is viable
- They funded too many companies this year

The legal process that the startup has go through is very painful, mainly because it requires a lot of the time and money to get all paperwork done. Bureaucracy disturbs the ease of funding, and here is the set of legal documents that VCs often require:

- Corporate Governance
- Shareholder Agreements
- Intellectual Property
- Written Contracts
- Regulatory documents
- Other legal requirements

In today's market, early stage VCs want to get a 2x-4x return on their investment, hence having only \$200 million they want to deliver \$400-\$800 million to investors. Thereby, they carefully analyze product, expertise of team, revenue potential, market and many other factors determining whether or not startup suits their plan.

Crowdfunding

Taking the bank loan, the company has to be sure, that it can pay it back when going bankrupt by selling the collateral or covering it the other way. Considering the venture capitals and investment angels startup is risking to lose control of the business. But the crowdfunding platforms allow individuals and companies to raise the desired amount of money through donations made by backers, which can be considered almost risk free compared to these options. The only problem is the potential amount of invested money through the backing which leaves to be desired. Because financial institutions want to secure their money at the legislative level, but most of the crowdfunding platforms can't provide this option.

However, P2P(Peer-to-Peer) crowdfunding resolves this issue, carrying everything through all the stages of the legislative process. It's important to note, that P2P funding allows equity selling. Basically, companies get a loan with a specific interest rate from an individual through the intermediary platform. The big problem which arise - startup has to be fully compliant with [SEC regulation CF](#), which limits the potential to get funding, namely:

- Maximum investment amount can't cross \$1,070,000 mark
- Require all transactions to go through an intermediary, registering them
- Individual investors can't fund the project more than once in 12 month period

Filling a notice with SEC for regulation CF requires a couple of months and a significant amount of money to complete the process. Besides the issues with SEC compliance there are a couple of other factors like intellectual property ownership, which has to be taken into account as well: patents, copyrights, trademarks and other.

Legal

Prospective projects have always suffered from inability to attract the sufficient amount of funds to develop their product. And besides the complex processes that the company has to go through, turning to venture capital, angel investors, banks or P2P crowdfunding, there are two other issues directly associated with jurisdiction investment restrictions. First, in the United States, private investors can't simply fund the startup, because they are considered as non-accredited investors. And in order to participate in any private sale on the primary market their annual income should exceed \$200,000 or need to have \$1 million in their net worth.

Second and the most significant issue is the jurisdiction restrictions, which doesn't allow international investors to fund project that are out of their current jurisdiction where they reside. They have to be physically present in the country where they want to buy particular stocks and turn to a broker, who will legalize the process. The jurisdiction problem is the most significant one and it keeps billions of dollars away from startups that need this funding.

Hence, the whole startup industry faces the situation where it is cut from the variety of investment options, moreover it is supposed to withstand aggressive environment created by banks, venture capitals, angel investors and other financial institutions. This is why the startups get hardly funded and often are left behind the competition.

Crowdfunding Platform

CoinFundInvest is planning to develop a crowdfunding platform which should eliminate problems associated with institutional, private and angels funding. The ecosystem will allow both investors and startups to collaborate effectively together. Meaning, that companies will be able to get decent financing fast and effective, staying fully compliant with current legislation. Non-accredited investors who always wanted to buy shares of international companies are free to enter the secondary market now.

Using the Blockchain technology, it became possible to tokenize the equity, making it available for everyone. Now every company can legally tokenize its stocks and list them on our platform. From the legal perspective, CoinFundInvest will play a role of the transfer agent and custodian, holding the real equity. Thereby, every stock held by our company will have the corresponding token listed on our platform, backed with the real stock in proportion one to one.

Tokens that were emitted for a particular startup will provide the same ownership rights, value, and other underlying aspects that every real asset has. Moreover, the investor gets a chance to participate in shareholders meetings, allowing him to make important company decisions. The token owner has the rights as he would have the stocks bought on the classic stock exchange.

The ecosystem will be based on the Ethereum Blockchain, allowing to transfer the token ownership rapidly when an exchange is made. This implementation eliminates a slow bureaucratic process of the ownership change, making it almost instant. The system is working in tandem with smart-contracts, automating and securing all financial operations running on the platform. Hence, there won't be a need in any intermediaries that make the process slow and expensive.

CoinFundInvest is actively cooperating with many financial regulators globally in order to stay compliant at the legislative level, ensuring broad legalization of the new financial process. Every investor who decides to use our solution has to pass the KYC process, so we can provide the corresponding rights and secure all aspects of their activities. All conflicts between the CoinFundInvest and investors, or companies and investors will be resolved at the legislative level through the financial authorities.

Platform Operations

When a particular company comes to our platform for investment, it has to be verified by our administration so that it can be compliant with our internal rules. Owners of the company have to pass the KYC process and provide a basic set of legal documents, proving that they are real owners of the company. Besides the verification process, companies are mandatory to provide technical information about their product, service or system, that they want to develop.

Once the verification process is completed, the company declares the number of stocks it wants to sell on a particular seed round, the price of every share, conditions, ownership rights and other important information. Only then, CoinFundInvest lists the company on the platform and corresponding offer eligible for crowdfunding.

Then offer becomes available for investment, and as soon as investors raise the required amount, the CoinFundInvest purchases the initial amount of stocks provided by a company. Now our platform becomes the holder of shares purchased on the primary market. After the purchase has been completed the CoinFundInvest tokenizes available stocks in equal proportion and transfers them to investors.

Then investors become the legitimate owners of the stocks held by CoinFundInvest in the form of tokens. All tokens operate on the Ethereum blockchain and use the ERC-20 standard, thereby if a user wants to transfer tokens he has to pay gas. Tokens can be transferred, sold or exchanged for available cryptocurrency or fiat pairs provided on the platform: CIG/USD, CIG/BTC, CIG/ETH, CIG/XRP, CIG/LTC.

The company which has tokenized and sold its stocks, raising the sufficient amount of money can come back on the platform to run an additional seed round. And to do that, the company has to issue new stocks which will be bought by CoinFundInvest, tokenized and then sold to investors on the next seed round.

Smart Contracts

All processes on the platform will be handled automatically, making it possible to provide extra security and speed, removing any intermediaries that usually require additional time and payment for various services. Smart contracts will allow execution of various financial operations like dividends sharing, crowdfunding process execution, token distribution and other.

Considering the crowdfunding process, the smart-contracts will play a key role, collecting funds and tokenized stocks in one place, and then releasing them once all requirements are met from both sides. The same principle applies to the token distribution which happens right after the end of the crowdfunding process, when certain conditions trigger the smart-contract, releasing the specific number of tokenized assets.

If a particular tokenized stock allows dividend sharing, then additional functionality will be added to a specific smart contract which will be releasing dividends, meeting the specific triggering conditions. The dividends sharing amount, frequency and other factors strictly depend on the offer conditions that the investor has accepted during the crowdfunding.

Moreover, smart-contracts will be used in the lockup period as well, securing tokens for a month and then releasing them. It will allow adding additional guarantees during and after the token sale.

Minimal Viable Product

The first update of the platform was successfully made at the end of October 2018, providing an extensive crowdinvesting functionality. The initial release of the platform technically opened the doors both investors and companies. Currently, the platform fully supports the stock tokenization process as well as the crowdinvesting mechanics, which allows investors to execute payments and participate in specific offers.

Everything was developed perfectly as well, considering the token ownership and rights change mechanism. As it was described before, the ecosystem will be based on the Ethereum blockchain, and every tokenized stock represents one token, offering the ownership rights for a specific company.

The second update of the platform will be made in March 2019, implementing the smart-contracts all across the ecosystem, allowing secure, fast and seamless financial operations and improved ownership change mechanics. Releasing both updates will grant an official status of the first version of the CoinFundInvest ecosystem.

The other updates will be made shortly after the second update will be made. The next platform updates won't have radical upgrades for some time, in pursuit of stability and slow service implementation.

Go to Market Strategy

We are actively developing the ecosystem which allows investors to buy tokenized securities of startups and companies, regardless of their jurisdiction. The product is in high demand all across the world, because it eliminates unnecessary boundaries created by different legislative systems. Thereby, both startups and companies become open for international investment, staying fully compliant with the law.

Considering the project development, we'll be running an international marketing campaign in the most influencing tech and crypto media, so we can attract more attention to our project. First, we are planning to cover various crypto media running a broad campaign in America, Europe, Asia, and Oceania. This step will allow us to cover more than 80 million people all across the world who are familiar with cryptocurrency.

In the same time, we'll be actively cooperating with one of the most influential venture and hedge funds located in Asia, Europe and America, so we can attract even more investment to our project. Moreover, we are going to list our token on the Upbit exchange on February 2019, and run a marketing campaign in the kakaotalk app with cumulative active daily users reaching 2 million mark, and on March 2019 we are going to list our token on the Binance as well.

Social presence is essential, that's why we'll be actively creating our community across top 100 cryptocurrency and blockchain forums, allowing us to attract millions of people as well. Once crypto enthusiasts start spreading word of mouth about the project, we can expect a dramatic organic investment increase.

Taking into account the fact, that during the token sale process we'll be running an email marketing campaigns with potential to reach more than 1,5 million ICO investors worldwide, we can say that sufficient amount can be raised quick. Right after we get the sufficient funding, we'll start developing our ecosystem, releasing the second update on March 2019. The platform will become operating and ready to conduct different financial activities. In April 2019, we are planning to release the CIG wallet.

Besides the effective marketing campaign, the project will be getting the audience organically, from the word of mouth and other PR activities that were conducted before. The platform can be considered as one of the first on the market, and thereby it has the potential to stay competitive among the other existing solutions. We believe that the platform will be widely used all across the world by millions of investors and thousands of companies who always wanted to attract additional funding or buy secondary market stocks.

Revenue Generation

The platform will be generating revenues conducting different financial operations, providing crowdinvesting services. Mainly the project strives to generate a sufficient amount in revenues so it can maintain and develop further the platform. We are expecting that users will be actively using our platform, reaping all benefits of tokenized stocks.

Both investors and companies are the subject to various fees, and both parties will be covering them because platform comprehensively verifies potential startups, meanwhile providing a good space for companies to raise the desired investment.

From every investment operation conducted inside the ecosystem, the platform will be getting a 50% fee. Let's suppose an investor decides to fund the project putting \$100 at the table that means he has to buy first the CIG tokens, and then the system secures the corresponding amount in the company stocks.

Once the tokens are transferred to the company it has cover different fees, thereby out of the initial amount \$50 will be invested in the CIG token, and divided into two- 20\$ will be taken as the fee for the platform operations, \$30 will be invested into the gold mining in the Sakha Republic, Russia. The rest of the funds go into the project's funding, hence the other 50%

Considering the trading activities, clients of the platform have to cover a 10% fee. Moreover, the company will be launching financial and other services in the future, which can generate solid revenues as well.

CIG Token

CIG acts as the primary component enabling CoinFundInvest platform to operate. It is a cryptographically protected digital entity which is going to be used for all payments and value exchanges inside the platform. CIG token is distributed and issued during the Token Sale Rounds, and contributors will be able to buy it, store and use for the existing and future services provided on the platform.

Token will be used as the primary payment instrument for all services provided on the CoinFundInvest platform, including crowdfunding, token ownership change, trading operations and other. CIG will create sufficient liquidity levels inside the ecosystem, allowing financial operations to perform. Token itself will be significantly backed with 50% fee that comes to the startup which has paid funding fees. Moreover, out of every trade executed on the platform comes a 5% fee that goes directly into the CIG token backing. The maximum supply of the token equals to 100,100,000 CIG.

It is very important to note, that most of cryptocurrencies are not backed with real business and often present the speculative value. CIG token is different, because it's backed with operating business, generating real value which will be reflected on the token. Thereby, it creates a more stable cryptocurrency which can better withstand market speculations.

Loyalty Program

Besides the crowdfunding platform, we are planning to develop the e-commerce jewelry webstore which allows buying a wide range of products using the CIG tokens. People holding and actively utilizing the CIG tokens for in-store purchases will get up to 50% discount off the original price of the product, and up to 30% for the other presented products. E-commerce store will operate worldwide, allowing anyone to make a purchase.

This store will be a great addition to our monetization strategy because it allows generating more revenues that can be used towards the project development, marketing campaigns, and other operational activities. Creating such a vast ecosystem will dramatically reduce all risks, affecting the potential business outcome.

Why Are We Running The Initial Coin Offering

Our platform is running the ICO in order to raise a sufficient amount of funds to develop a complex tokenization ecosystem, implement the blockchain technology and deploy the infrastructure. Besides the development process, our company has to cover all expenses associated with the legalization of our platform, because we are planning to manage securities, hence the corresponding licenses and other legal permissions are required.

Due to the fact that our platform plans to generate additional revenues from gold mining, it has to be funded as well. The mining itself will play a significant role in the project development because it allows supporting the platform and its operational activities. Moreover, the stability of the CIG token will be directly related to the funding that we are going to receive from gold mining.

Considering the global e-commerce webstore, it can be said that it requires the initial investment as well so we can make it up and running. Securing these three positions will allow us to withstand the hard competition on the market and dramatically reduce the development speed of the whole platform.

Bonuses, Rounds and Dates

Every investor who decides to participate in the ICO will be granted different bonuses associated with the corresponding token sale rounds. Thereby, we are planning to provide investors with bonuses so we can create an attractive investment environment and reach our funding goals. During the token sale, we are planning to sell 50,000,050 CIG.

Everyone will receive different bonuses in accordance with corresponding ICO rounds::

1. Private sale - 20% Bonus
2. Public sale - 10% Bonus
3. Public sale Round 2 - 5% Bonus
4. Public sale Round 3 - 3% Bonus

The token sale will be running continuously during the 4 months period. Please find the start dates presented below:

- Private sale 15.12.2018
- Public sale 20.12.2018
- Public sale 10.01.2019
- Post sale 30.03.2019

Tokens Distribution & Lock-up Period

All tokens will be distributed gradually, slowly reaching the initial amount of 100,100,000 CIG. During the token sale process, we are going to sell the half of the maximum supply or 50,500,000 CIG, distributed to everyone right after every purchase. Tokens will be issued gradually to provide with a constant and positive possibility of price growth.

In order to ensure the economic stability of the ecosystem, we are planning to lock-up the rest of the tokens belonging to the team. For a period of one month, all tokens will stay locked up in the smart contract.