

The Unsinkable Project Light Paper  
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**Abstract – Make the Cryptocurrency (crypto) Industry Beginner-friendly**

Cryptocurrencies (cryptos) and initial coin offerings (ICOs) are not beginner-friendly.

I personally lost \$100 on the second ICO I invested in. It was a scam website for a fake pre-ICO for a legitimate upcoming ICO with a lot of hype. The other 3 of my initial ICO investments remain under ICO price to this day. Most ICOs deploy preferentially priced private pre-sales and bounty programs which cause token price to deteriorate significantly post-ICO. But it seems to me there is a simple fix.

The Unsinkable ICO Standard (TUIS) - ICOs with a low-price and money-back guarantee, ensured in perpetuity by smart contract.

The Unsinkable ICO methodology is very simple – your smart contract must restrict the circulating token supply to an amount you are willing and able to buyback at ICO price. Any circulating token can always be redeemed for ICO price via the buyback offer.

An Unsinkable ICO guarantees that the ICO price will be the lowest price as long as token/fund economics and distribution (tokenomics) keep the circulating supply and buyback fund equivalent. As long as the buyback offer is made at ICO price and covers the circulating supply on every exchange, the asset cannot trade below ICO price. If every token holder decided they want their investment back, they would all sell their tokens to the buyback fund at ICO price and no circulating tokens would remain. The low price-guarantee can also be theoretically enforced through a large buyback offer on only one exchange covering the entire circulating supply, enforced by free-market arbitrage.

Unsinkable tokenomics are managed via the HODL Wallet Stellar Smart Contract (SSC). Circulating supply and immutable HODLing act as the “tap” mechanism allowing control of the token issuer's access to crowdsourced funds, based on Vitalik Buterin's [DAICO](#) concept.

The TUIS model demands that the token issuer focus on the token and token price as the initial product, providing motivation for the majority of crowdsourced funds to be used to increase token price, primarily by ensuring buyback. The Unsinkable Token (UNSK) will employ this model, acting as a beta test for another project, referred to as “Project X.” Both tokens will be created on the Stellar<sup>TM</sup> Lumens (XLM) network. Project X Token (PXT) will meet The Unsinkable ICO Standard, possibly using an Unsinkable 50% IBiPDAICO. PXT will be Unsinkable with an ICO low-price guarantee and [money\\*](#)-back guarantee.

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## **GOAL – bring the openness and transparency touted by cryptocurrency technology to the crypto trading industry itself**

Those who want to see crypto succeed and go mainstream wish to get rid of the scams and create a new standard of transparency. The Unsinkable ICO Standard. The public has been led to believe the ICO price is the beginning, the lowest price. The INITIAL coin offering. The Unsinkable Project aims to make that true. The ICO price should be the lowest price an asset ever trades for, and Stellar Lumens (XLM) assets are perfect for deploying this standard. Stellar assets have a built in trading function. This allows the Stellar network itself to act as a decentralized exchange (dex) for assets on its “blockchain.” New assets are trade-able immediately for any other asset on the distributed ledger technology (DLT). The Stellar network also supports near instant confirmation times, negligible transaction costs, and thousands of transactions per second. An ICO can be performed on the Stellar website in 10 minutes with no coding experience for under \$5. These qualities, along with being impervious to 51% attacks, make Stellar the ideal network for launching the Unsinkable Project. A Stellar asset could be the perfect solution for day to day crypto transactions and prime to replace bitcoin as a store of value if a trustless deflationary token ecosystem were introduced.

### **Primary Goals**

The Unsinkable Project – Prove that The Unsinkable ICO Standard should be used in every trustworthy ICO starting after June 2018.

The Unsinkable ICO Standard – Create a standardized system for ensuring nearly trustless tokenomics

HODL Wallet – Enable immutable Stellar asset HODLing and circulating supply [“tap” control](#) of crowdsourced funds for Unsinkable ICO investors using an encrypted AWS database and bridge server.

UNSK Token – Create an asset that is ideal for day traders and high reward/risk investors.

Project X Token – Create a community governed digital asset capable of being a store of value useful for everyday transactions and as a global currency.

## **PROBLEM – ICOs are a [bad investment](#)**

Most are scams and even the good projects are designed with poor short-term tokenomics. Many investors, myself included, see most Ethereum ICO token's prices deteriorate over 50% in the weeks to months needed to get listed on major exchanges and spur new investment. Granted, this is sometimes very small volume, but it is extremely off-putting to new investors. The smaller investors could have gotten a better price on the decentralized markets (dexs) weeks after ICO and often, still, months after listing on smaller centralized exchanges. During this time the larger investors, who received below-ICO pricing, are free to dilute the market and take profits, even suppressing the token price.

Additionally, many ICOs deploy bounty programs – paid shills – to tout the project on social media in return for free tokens, which they also sell below ICO price. The first chance most ICO investors have to make profit is when the project finally makes enough progress towards its platform to start drawing in real customers and demand for the utility of the token, which can take years. Or gets listed on Binance.

## **SOLUTION – The Unsinkable Investment-Back-in-Perpetuity DAICO**

Unsinkable IBiPDAICOs guarantee via smart contract that the circulating supply will never exceed the buyback offering at ICO price, mathematically guaranteeing ICO low price by simultaneously providing an investment-back guarantee. Token holders can always redeem their tokens for ICO price.

Ensured by an immutable buyback offering and smart-contract-controlled circulating supply management.

ICOs can become the best investment on the planet with an infinite reward-to-risk ratio. If you know with 100% mathematical certainty that the ICO price is the lowest price the asset will ever trade, every investor should jump on that opportunity. The current ICO problem is solved by the IBiPDAICO, and The Unsinkable ICO Standard.

The [DAICO](#) is a concept from blockchain visionary and Ethereum creator Vitalik Buterin that combines the powerful fundraising capabilities of the ICO with the community involvement and democratic leadership of the Decentralized Autonomous Organization (DAO). In an IBiPDAICO, developer access to crowdsourced funds is limited by the circulating supply. ICO investors can effectively “open the tap” on funds by immutably locking their tokens until a later date/price, effectively removing their tokens from the circulating supply and temporarily forgoing their ability to redeem their investment-back guarantee. Enabled by the HODL Wallet.

#### Unsinkability and IBiPDAICOs

A 100% IBiPDAICO says that all crowdsourced funds will always be available to buyback all the ICO tokens. This offer should initially be made at 99-100% investment price with only investor tokens circulating. If more coins are added to the circulating supply it is up to the dev team whether to reduce the buyback price to accommodate all tokens, leave the buyback price at ICO price and no longer be able to cover the entire circulating supply, or increase the buyback fund.

An Unsinkable 100% IBiPDAICO says that the funds necessary to buy up the entire circulating supply at ICO price will always be available with the amount of buyback funds increasing proportionately as the circulating supply increases. It is mathematically impossible for the asset to ever sell below ICO price, ensured by smart contract.

A 50% IBiPDAICO means that 50% of the funds raised in ICO will always be available for buying back tokens, at what price/quantity is up to the project. Ideally at ICO price.

An Unsinkable 50% IBiPDAICO says that funds to buy up to 100% of the circulating supply at ICO price will always be available but 50% of ICO tokens will initially be locked. They can only become available if the amount of buyback funds increases proportionately to allow the circulating supply increase. It is mathematically impossible for the asset to ever sell below ICO price, ensured by smart contract.

#### **Unsinkable assets cannot trade below ICO price. ICO price will be the lowest price. Ever.**

IBiPDAICOs only refer to the amount of crowdsourced funds offered for token buyback, not token price in perpetuity. PBiP is necessary for price maintenance as circulating supply changes.

Projects that use FreeCOs are Unsinkable. The ICO price was \$0. However, a successful Unsinkable asset's price may be many hundreds of times more than the ICO price, leaving no protection for new investors. FreeCOs could utilize the PBiP model. Any PBiP coin/token offers a percentage buyback price that will grow with the asset.

As an asset issuer, it is much “harder” to access crowdsourced funding using an Unsinkable IBiPDAICO. If you want to access an amount of funds equal to the amount raised in ICO you must either convince every token holder to HODL, or you must do significantly more work to increase your token price, in addition to the work you did marketing your ICO. In order to deploy the Unsinkable IBiPDAICO model you have to raise all the funds for the ICO in pre-ICO with locked tokens, and ultimately have to raise significantly more capital and public interest than your development costs. You must maintain investor interest past the ICO phase. While some ambitious projects will need tens or hundreds of millions to realize their platforms, they do not need it all up front! Crypto companies should prove they can manage simpler goals first - start with creating a crypto coin/token with [appealing](#) investor and trader tokenomics.

### **The Unsinkable ICO Standard – Mathematically impossible for the asset to trade below ICO**

If demand and the token supply are fixed, then after ICO the company can only gain access to crowdsourced funds by convincing investors to HODL, thus reducing circulating supply. Or they can draw in more customers and demand to raise the price and sell company tokens. Each company token sold increases the circulating supply, so the ICO price must be deposited into the buyback account and the difference becomes usable capital for the company. Investors can choose to provide instant funds to the company by locking their own tokens, freeing up company tokens for sale or buyback funds for other purposes. A more complex project requiring more immediate funding could offer a 50% IBiPDAICO with half ICO tokens locked, or more incentive for investors to HODL.

This way the company is funded for actual accomplishments, rather than speculative valuation. This shifts most of the risk off the ICO investor and primarily onto the dev team and token issuer.

The Unsinkable methodology favors a bottom-up approach as opposed to the typical top-down ICO approach. Traditional ICOs attempt to start with a high valuation by collecting funding based on a theoretical end product that could capture a large, established industry. Unsinkable ICOs must keep their hardcap below estimated interest to encourage token appreciation. They must build token utility volume with a working minimum viable product. With estimates of 80% of ICOs being scams, but over 50% of money raised by ICOs going to successful projects, it is too risky for most potential ICO investors to take a chance on any ICO without a huge upside. Unsinkable tokenomics hope to reduce the risk factor for smaller ICO projects, allowing for more successful ICO diversity.

Examples of Unsinkable ICO tokenomics assuming no HODLers

If the quantity of investor tokens is equal to the quantity of company tokens (50/50) then the company could gain access to an amount equal to the crowdsourced funds by selling all their tokens at 2x ICO price. If the company starts with more tokens than the investors, they can sell a smaller percentage of their tokens at 2x ICO price to gain access to the amount of funds raised in ICO, or all their tokens at a lower price. If the ops account has fewer tokens than the investors then it will require more than a 2x token price to access the quantity of funds raised in ICO. If the company sells all their tokens then they have no way to raise additional funding in the future, and they can get all their money “up front.”

### **Why Stellar Lumens (XLM) – I heard Ethereum (ETH) is for ICOs?**

TL:DR – XLM: Fast, inexpensive, secure. ETH: Dapps.

Ethereum is for Dapps. The Ethereum network allows for turing-complete smart contracts, allowing for any operation a computer can perform to be executable in the trustless environment of blockchain. This allows for infinite Dapp complexity, even creating immortal, unalterable digital cats as a store of value. Hey, why not? However, this complexity comes at a cost. ETH Dapp transactions can cost over \$3 at current pricing, depending on the quantity of operations required on the Ethereum network. Additionally, this complexity leads to difficulty of securing smart contracts, leading to exploits that drain the smart contract of all its funds.

Stellar is much simpler. Technically, Stellar is not a blockchain. Stellar a distributed ledger technology (DLT). It has all the same functions of a blockchain with far fewer drawbacks. All interactions with the ledger are performed by wallets and there are only 11 simple interactions that can be performed. This simplicity awards the network near instant confirmation times and thousands more possible transactions per second. These qualities, along with the built in decentralized exchange (dex), make Stellar assets the perfect solution for day to day crypto transactions and when combined with The Unsinkable ICO Standard - prime to replace bitcoin as a store of value.

The built in Stellar dex is an extremely safe way to trade. With most large crypto hacks and thefts being focused on exchanges and smart contract exploits the simplicity of Stellar assets is very appealing. To trade your Stellar tokens they never have to leave your secure personal wallet. You make the trade offers directly on the Stellar network. You do not have to rely on the smart contract of a third-party Ethereum dex. As long as there are Stellar nodes and the network is running, the Stellar dex is available. You are in control of your finances. This is very appealing to investors who consider putting their funds on an exchange too risky.

I believe that launching The Unsinkable Project on Stellar has the potential to create the largest decentralized, tokenized, trustworthy, global, free-trade marketplace ever conceived.

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## The Unsinkable Ecosystem

