

Truthcoin

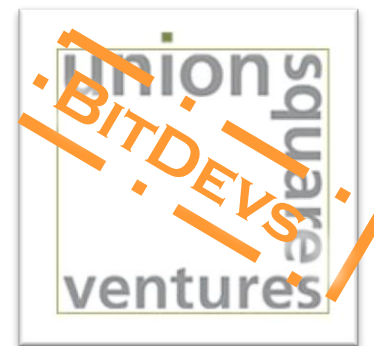
Blockchain InTrade / “Bitcoin 2.0”

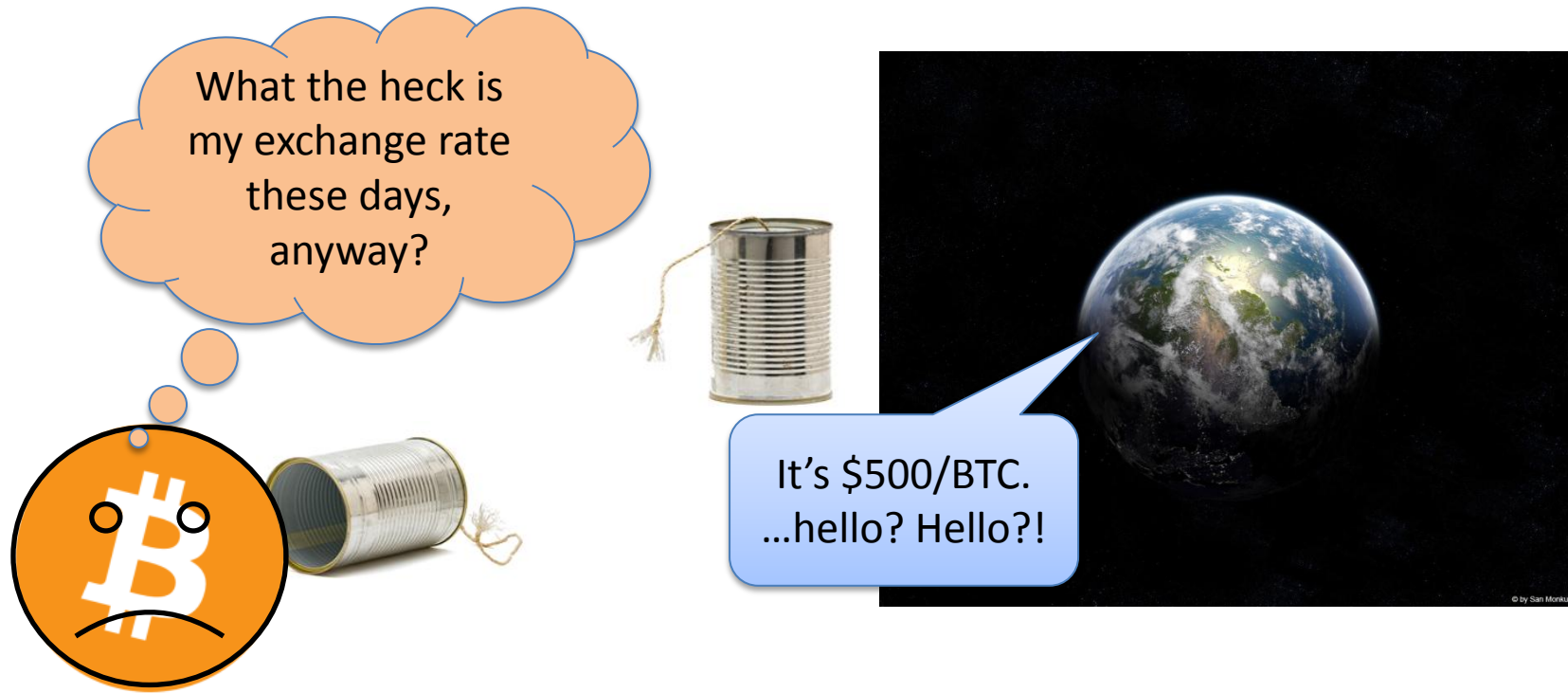
Current Needs: None

Jan 2015

As Seen On:

1. [Y Combinator Hacker News](#)
(#1 story weekend of May 3rd)
2. [Let's Talk Bitcoin](#)
(Episode 117 “Truth Matrix”)
3. [NYC BitDevs Meetup](#)
(September 9 Headline Presenter)



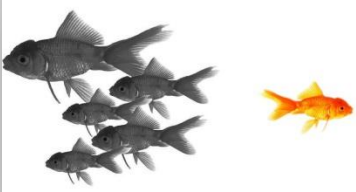
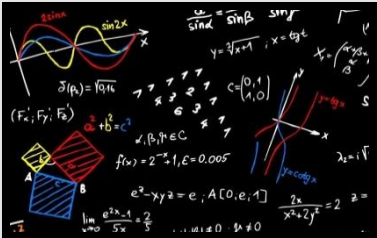
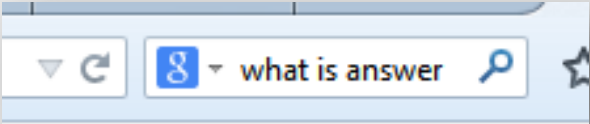



Problem: Blockchains are ignorant of 'real world' data.

- Biggest BTC Complaints:
 - “**No intrinsic value**” (can't use it unless someone else wants it).
 - Price **too volatile** (poor value-storage).
- I study 'prediction markets' & 'mechanism design'.
- Used some game-theory to design *a system which grabs accurate reports from people even if 100% of them are untrustworthy and motivated to lie.*

How is Truthcoin Different?

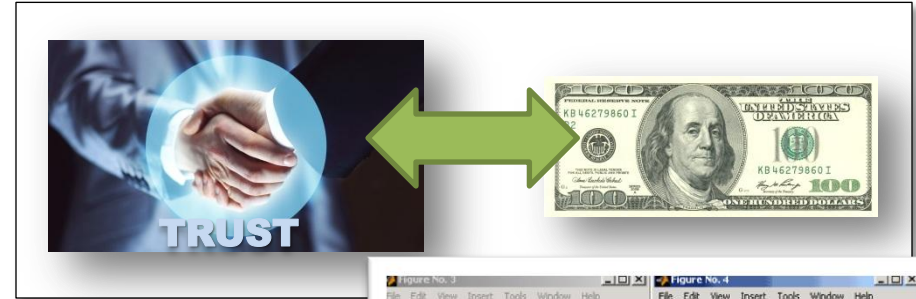
Network-Effect, Simpler, Stronger

Others	My Design
<p><u>Must switch</u> to new coin.</p> 	<p>Can force <u>100% Bitcoin-user adoption</u> by <i>profitably</i> giving away coins to BTC owners. Maintains the ownership <u>network-effect!</u></p>
<p><u>New/Risky</u> ...computer science (Ethereum), security (NXT), or business model (BitsharesX).</p>	<p>Exactly the <u>same everything as Bitcoin</u>, but with a few more transaction types and data structures.</p>
<p>If core idea fails, <u>entire system</u> collapses.</p>	<p>A user can <u>safely ignore</u> all 2.0 features. Talebian robustness: <u>fail safely</u> and often.</p>
<p>Smart contracts by “doing the <u>computation</u>”.</p> 	<p>Smart contracts by “asking for the <u>answer</u>”.</p> 
<p>Do not solve “external data problem” in secure/scalable way.</p>	<p>Problem <u>solved!</u></p> 

How it Works

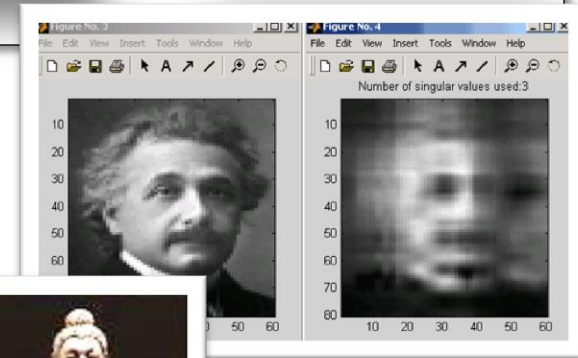
1) Tradable Reputation

- Abstract corporation which exists to prove its consistency within and across time.
- Collects \$ to power the mechanism.



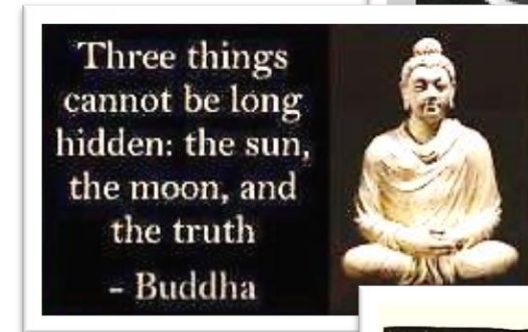
2) SVD Cross-Validation

- Statistical technique: seeks importance.
- Gleans truth, measures conformity.



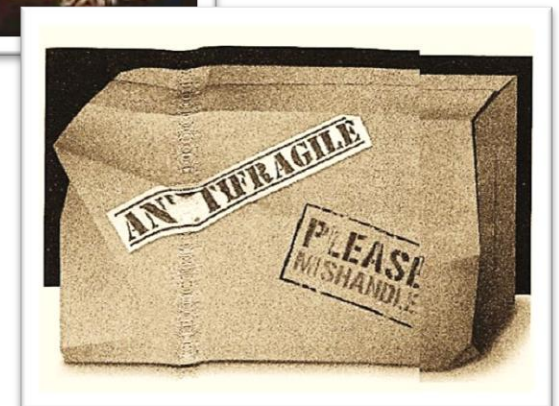
3) Strategic Use of Time

- Funds can be 'locked' across time.
- Yet info-search-costs constantly fall.
- Net effect: time penalizes attackers only.



4) "Talebian" Robustness

- "Fail quickly and safely" (instead of "we never fail").
- Bad Voters, Voter-Cartels, and Monopolist Voters can each **help (not hurt)**, up to a certain (high) point.



Market Size (millions)

10,350

NYSE Trading Volume*



113

'Grey Market' Sports Betting*



65

BitsharesX Market Cap



25

Dogecoin Market Cap



13

Ethereum Crowdsale



ethereum

1. Revenue Model / Developer Kickbacks: Post-development, **auction** off the "VoteCoins" (which earn $\frac{1}{2}$ of trading fees).
2. Compare to (Ethereum, NXT):
 1. Must defy Bitcoin and its network.
 2. Require a confused initial-distribution, open to immediate hard-forks.

* Per year, taking $\frac{1}{2}$ of 5 basis points (0.0005), NPV of 3 years at 45% discount rate (see [valuation](#)).

Team



Paul Sztorc

Formal training in economics, psychology, math, statistics, and finance.

Lifelong passion for prediction markets.

Ruthlessly strategic and paranoid.



Talented, hardworking volunteers from around the world!

(No official organization).

Needed:

- Marketing
 - Optimistic (non-scientist) 'salesman-type' promoters
 - A "Big Name" endorsement (Byrne / Draper / Ver)
- Consultants (Bitcoin devs, academic cryptographers)
- Managerial / Legal / Administrative Infrastructure

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