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**

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

**Talebian robustness:** fail safely and often.

**Smart contracts:**

- By "doing the computation".
- By "asking for the answer".
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.
1. Revenue Model / Developer Kickbacks: Post-development, auction off the “VoteCoins” (which earn ½ of trading fees).

2. Compare to (Ethereum, NXT):
   2. Require a confused initial-distribution, open to immediate hard-forks.

* Per year, taking ½ of 5 basis points (0.0005), NPV of 3 years at 45% discount rate (see [valuation](#)).
Team

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

Lifelong passion for prediction markets.

Ruthlessly strategic and paranoid.

Needed:

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

“The Heroes”

Paul Sztorc

Talented, hardworking volunteers from around the world!

(No official organization).

JOIN

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