

The points about the product and team are both subjective in some ways. The most clear cut violation of the policy is the decentralization aspect. It seemed clear cut before so I didn't spend a lot of time on it, but I fear it is getting lost in the noise of whether Spendcoin's Product/Team is acceptable or not. This should make jurors lives easier by not even having to consider those arguments as there are clear cut violations here.

Decentralization (Expanded):

From the policy:

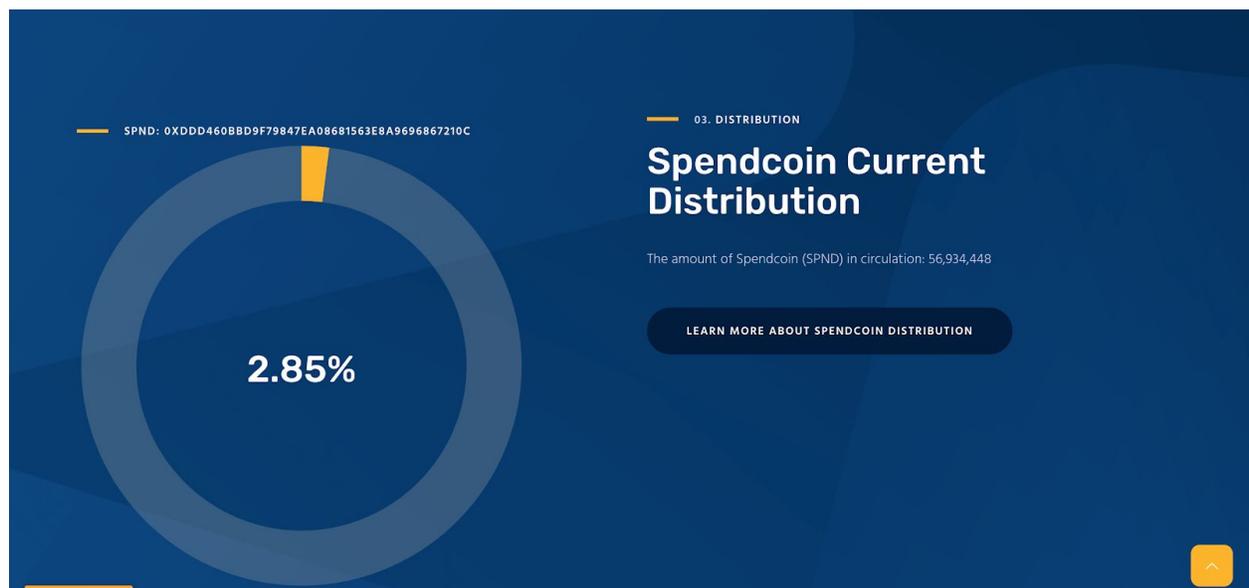
Token ownership does not breach the following conditions:

- *No single entity owns more than 50% of the tokens;*
- *The top ten addresses do not own more than 70% of the tokens;*

At least 25% of the supply is freely circulating in the market.

At this moment there is only ~3% of tokens in circulation. This on it's own is clear grounds for denial of the badge at this time. This can be seen here <https://spendcoin.org/about/>

As Spendcoin could choose to remove this from their website to obscure it from the jurors during the process, I have taken a screenshot. They also admit that this is true in their evidence, but justify it by saying they never had an ICO so there has not been a widespread distribution yet. This is understandable, but the policy states tokens must be circulating before it is eligible for the badge. They should be denied a badge until this is the case no matter the reason for it.



In addition to this, the top 6 addresses currently own 91% of the Spendcoin token which violates the policy.

<https://etherscan.io/token/0xdddd460bbd9f79847ea08681563e8a9696867210c#balances>

As this can be easily faked by top token holders splitting their holdings to multiple addresses, I have taken the liberty of copying the addresses here for future auditing and took a screenshot of the current holdings.

Rank	Address	Quantity	Percentage
1	0xcd76dec4b04150b16cbce12e80be772cb830d33a	500,000,000	25.0000%
2	0xd3babb884b9cf4579db1ab1a2f437aa96a5fd37c	500,000,000	25.0000%
3	0x0afe12cb056c238f09739d327081ecf14722142d	249,800,000	12.4900%
4	0xe8837aa3731b9bcba29ade0d2c84e03167d2dc67	235,000,000	11.7500%
5	0xa0bc1ad4679b7c5a74b43101b9bf3157eb6f9aec	207,269,114.807923	10.3635%
6	0x53ea0ba31d1fb02722b93ca9b96b74b15be319a5	169,642,635	8.4821%

[0xcd76dec4b04150b16cbce12e80be772cb830d33a](#)

[0xd3babb884b9cf4579db1ab1a2f437aa96a5fd37c](#)

[0x0afe12cb056c238f09739d327081ecf14722142d](#)

[0xe8837aa3731b9bcba29ade0d2c84e03167d2dc67](#)

[0xa0bc1ad4679b7c5a74b43101b9bf3157eb6f9aec](#)

[0x53ea0ba31d1fb02722b93ca9b96b74b15be319a5](#)

Again, this is clear a violation of the policy and should lead to denial of the badge on its own.

Final Points and Response to Spendcoin Rebuttal

Extra arguments to the case against the Product and Team if jurors are unconvinced with the above evidence, or if Spendcoin decides to do a mass distribution of tokens while the case is being resolved. I would like to point out that token distribution can be fairly easily faked since it is trivial to split cryptocurrency into any number of addresses, so I would encourage jurors to look for more concrete evidence that the distribution actually took place if this does come to pass.

Product:

Spend responded by claiming that the Spend Wallet and Credit Card are a working product for Spendcoin and Spendcoin is native to the application. The primary purpose of these two products, as stated in Spend's response, is to allow for people to spend cryptocurrency. There

is no inherent reason that it needs Spendcoin itself. They incentivize the use of Spendcoin by giving it out as rewards and forcing users to use it to get a Spend Card etc. But there is no cryptoeconomic reason for the use of Spendcoin. It is not securing the network in any way. So these uses basically amount to marketing for the token. To me it comes down to this simple point: **Spendcoin could cease to exist and the Spend Wallet and Credit Card are still viable products.** You could swap Spendcoin for any other transactional currency, including a fiat currency, and the product would still function almost exactly the same. Therefore it is not a valid beta product for the token. The real cryptoeconomic use of the token would be in Cross Ledger. I think that even if Cross Ledger is released during the time this case is ruled on there still needs to be more information about Blockchain University and the purpose of Spendcoin in this context. It is lightly touched on in the paper with their Proof of Service section but with so little information available about how Blockchain University would function on a technical level that I am not convinced of it's novel use in this context. Releasing a fork of Steemit would not be enough to convince me unless they made significant and well documented changes with explanations for why this was implemented for Blockchain University. Without the native blockchain for the token and evidence that Blockchain University is a serious project it violates the spirit of the combination of these two policy items.

There must be evidence of novel technology in development. This may be evaluated for example by demonstrating:

- *a working beta product*
- *open-source code in development*
- *architecture diagrams or novel applications of cryptography and mathematics*

There is a demand for the token driven by an existing or future utility. This utility is obtained from obtaining, holding, participating, or spending the token. The team has identified a reason for the token to exist which is not just fundraising.

The novel technology and future utility in the case of Spendcoin is Blockchain University. They have specified that purpose in their whitepaper but there is no evidence of this technology being developed. If we can agree that Spend Wallet and Spend Credit Card are not a viable platform for giving the token utility on its own, then we must look at the development of Blockchain University and Cross Ledger to satisfy the first tenant. Both of which have no evidence of development at this time so a badge should be denied for this reason in addition to the points on decentralization.

Team

Spend points out that I made claims on the team based on the fact that I have no knowledge of what is going on behind the scenes. They are correct and this is exactly the problem. They claim to have ~30 engineers working for them, all of whom must remain anonymous for OPSEC reasons. They might have these skilled employees but they also might not. Without any public technical figures I have a hard time being convinced that they in fact have the required knowledge and manpower to create a blockchain and deliver on the promises made in the white

papers while at the same time develop a completely unrelated product that is Spend Wallet and Credit Card. This point is more subjective to the point of view of the jurors. If jurors remain unconvinced up to this point I encourage them to research the backgrounds of the public team members. Any project can add many advisors with credentials so I take those figures with a grain of salt unless they have publically pronounced their support and commitment to Spendcoin. There is not a lot of background experience from committed team members that convinces me the team will be able to deliver on their promises.