

# The Vera Chain is not compliant with Ethfinex guidelines

## Context:

Ethfinex proposes a badge to tokens who comply with a set of guidelines published here : <https://ipfs.kleros.io/ipfs/QmVzwEBpGsbFY3UgyjA3SxgGXx3r5gFGynNpaoXkp6jenu/Ethfinex%20Court%20Policy.pdf>.

## Claims:

### Claim 1 :

I claim that point 1.1.2 among guidelines is not fulfilled, thereby, Vera Chain can't be granted with the Ethfinex badge.

### Claim 2 :

I claim that point 1.1.5 among guidelines is not fulfilled, thereby, Vera Chain can't be granted with the Ethfinex badge.

## Evidences:

## Claim 1

Point 1.1.2, about “Compliance and legal” states: “The token should not provide dividends or similar payments to token holders”

We can find on the Veracity website: <https://veracity.io/>, that a 36% annual return is promised for staking VRA token.

Veracity was featured to watch in 2019! Read on [Disruptorially](#)

**VERACITY**

The Future of Video  
Enhanced with Blockchain

Veracity supports the infrastructure and tools for video publishers to serve rewarded video and loyalty programs to their viewers.

VRA is now trading on **HitBTC**

VRA/BTC	VRA/ETH	24h Volume
0.000000272	0.000007943	\$56,418

Join the contest to win 30 million VRA

Stake VRA for 36% annual return

Donate VERA to the **Adam Jackson from Veracity** The future of online video

Access your secure VeriWallet

If we click on the link labeled “Stake VRA for 36% annual return”, we can be routed to another website called: <https://verawallet.tv/>

**VERAWALLET**

VeriWallet is the official wallet for VRA tokens.

With a VeriWallet account, you can:

- Stake VRA Tokens:** Earn daily VRA worth 0.1% of VRA staked in your VeriWallet. This is the equivalent to 35.5% per year. VRA earned is paid out daily.
- Earn VRA Tokens:** Watch rewarded videos on selected sites to earn VRA tokens. Sites such as AsiaPop40 have 130 radio stations throughout Asia and over 100m listeners and utilize VRA to convert radio fans to their website.
- Send VRA Tokens:** Use VeriWallet to send your earned VRA to any ERC20 compatible wallet.

PROGRAM STATUS	TOTAL CAPACITY	AVAILABLE CAPACITY
Active	2 000 000 000 VRA	1 410 469 895 VRA

Sign in

Sign into your account to manage your VRA funds

Email address

Password

Forgot password

Sign in

Don't have an account? Create account

VRA tokens are purchased by video publishers and advertisers to reward their audiences for their attention. This creates a new, thriving economy that builds loyalty and engagement between Viewers, Publishers, and Advertisers.

Viewers can use VRA they earn or purchase to pay for access to premium content from select Publishers. Learn more on [veracity.io](https://veracity.io/)

It is clearly said: **“Earn daily VRA worth 0.1% of VRA staked in your VeraWallet. This is the equivalent to 35.5% per year. VRA earned is paid out daily”**

It seemed to be a dividend to token holders. The whitepaper will confirm it. We can find it here: [https://verity.io/documents/verity\\_whitepaper\\_eng.pdf](https://verity.io/documents/verity_whitepaper_eng.pdf)

To classify the 35.5% return as a dividend we need to show that tokens is earned **without any job provided by the recipient**. For example, we can't classify tokens rewarded for participating and staking money in a proof of stake consensus as a form of dividend. The staking in proof of stake consensus has a real purpose for the blockchain to run properly.

Page 21 of the whitepaper is stated that Veracity blockchain uses a DPoS consensus mechanism. A DPoS consensus mechanism gives to **some people(nodes) only** the burden to run some programs to the blockchain to run. It's impossible in a DPoS that **everybody** can participate in the consensus mechanism.

Page 26 of the whitepaper is described the “VRA staking program”, this is where we find back our 36.5% annual return for **every holder**. It is clearly said that **nothing more than** staking tokens in a dedicated smart contract provides to the holder a 0.1% daily interest rate. No job, action or purpose is given to the holder, as we showed, it's impossible to say that this reward is linked with the proof of stake mechanism.

Moreover the whitepaper says: “This Program is only funded by unsold tokens and discontinued ‘Verifier Reward Program’ tokens but may be replenished at a later date through market token buyback from a percentage of **Veracity’s revenue**.” We have here a clear sign of a dividend when revenue from the company is shared between holders.

**Thereby we showed that Veracity provides dividend to holders.**

## Claim 2

**Point 1.1.5, about “Compliance and legal” states: “The issuer should not plan to keep effective control of the project.”**

We find the most indisputable proof of my claim in the yellow paper : [https://verity.io/documents/verity\\_blockchain\\_architecture\\_eng.pdf](https://verity.io/documents/verity_blockchain_architecture_eng.pdf)

Page 4 about “General Policy / Architecture Approach” is said:

“To garner community trust and enhance security, it is desirable to put the Veracity Foundation into a position similar to that of the **legislative branch of a government**. **The Veracity Foundation should guide** rather than run the ecosystem. Where possible, **the foundation should set the policy / rules** and leave the enforcement to the community. The most suitable implementation would involve Veracity releasing source code updates and **having control over several privileged accounts that can alter certain key policy parameters**. If a centralized online account or service is absolutely necessary, sufficient risk reduction and damage mitigation provisions should be introduced to make hacking it unprofitable.”

Effective control is given **without plan to abandon it**, to the Veracity foundation. Legislative branch is clearly superior than the executive branch. Source code updates are controlled by the foundation via privileged accounts “than can alter certain key policy parameters”.

In the whitepaper, page 4, explain that a patented technology is necessary to the Veracity infrastructure to run. This patent is filled by the foundation. This is a red flag as the community could be limited with it's use of the Veracity Chain. Patents are not really a good sign of a plan to abandon the project.

Page 19 is stated: "Veracity technology will be offered under the Creative Commons Attribution-NonCommercial-ShareAlike". We can argue that this not the most accommodating license. A Creative Commons Attribution-ShareAlike is preferred in open-source projects.