



# Decentralized Governance Federation Proposal: Creating and Managing Value While Laboring in Freedom

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## Introduction

“Everything that is really great and inspiring is created by the individual who can labor in freedom.” ~ Albert Einstein

There is no doubt the world is ready for decentralization. The crowdsale for Ethereum network smart contract “The DAO” --becoming the highest-valued crowd-funded project in history--shows community driven development is what the world market wants, but the ultimate disaster of The DAO shows the current limitations that computer code offers humans desiring to labor in freedom. Decentralized governance forms, built-in at the protocol level, are in various stages of development on multiple platforms, but are most solidly evolved on the DASH and BitShares platforms. The tools, capital, community, creative flexibility and stakeholder incentivisation now available on the DASH masternode governance network are arguably computer science's greatest accomplishment since Satoshi Nakamoto's solution to the Byzantine General's Problem, which lives at the core of both Bitcoin and also DASH's proof of work blockchains. As the crypto-ecosystem moves

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forward, many see two opposing philosophies (centralization/decentralization) diverging. The purpose of this proposal is not to argue one philosophy being superior over the other, but with a focus on how we as humans can seek balance in scaling to improve the quality of life for everyone.

It is vital to remember, however, that an organization is--and must always be--far more than a bunch of code operating in the world. An organization is a relationship of trust and obligation, contribution and reward amongst real people, wherever in the world they may be. Computer code in the form of autonomous function must be brought to life with real collaboration. Personal trust can be augmented and reinforced with the trust that the code will always do what it is agreed to do, but that personal trust is still vital to the process of development and management. Value contributed to a project can be tracked, and commensurate exchange can be given, using crypto tokens, smart contracts and other software innovations which have never before been available. These attributes can free participants from much of the mistrust and uncertainty which might otherwise exist. Financial, thought and labor contributors can be shielded from the worst downside losses, and be well rewarded for the best upsides, by allowing projects to develop organically with all participants "laboring in freedom."

This is the vision that will emerge as HempSweet is realized, simply by developing a commodity from hemp (i.e., xylitol); promoting and proving out new tools of decentralized industrialization; and supporting the rapid global adoption of DASH as the medium of exchange for value, work and commodities.

HempSweet, as the plan currently describes, is just one of 25,000 different commodities that can be born from hemp. So there must be an ecosystem that connects decentralized communities like DASH and BitShares together as well as offers support to all current/future stakeholders involved in developing physical decentralized industries.

In summary OpenLedger Commodities Market (CM) will be an ecosystem which will allow individual Makers (Laborers) and Project Backers (Investors) to come together in new and efficient ways so they might accomplish almost anything their community of passionate, well-aligned people can dream up.

The core principles and philosophy on which OpenLedger CM operates is:

- Experience in commodity research, development and distribution successes
- The necessity to incrementally build trust and alignment between individuals who, while working together, are yet continuing to labor in freedom
- The necessity to fairly track and reward real value contribution (financial as well as creative) which is sustainable
- Hedging against investor loss to ensure that real value is being built into the project as investor resources are used

While it is envisioned that the OpenLedger CM will ultimately be fully integrated into DASH Evolution, the OpenLedger's user interface leveraging BitShares Decentralized Exchange (DEX) is currently ideal for its bootstrapping phase.

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## Bootstrapping Decentralized Industrialization in Detail

### The OpenLedger CM Platform and Disbursal of Funds Overview

One of the key purposes of this funding plan is to retain value of community-platform-sourced contributions (DASH masternode treasury, BitShares BTS reserve pool) in a liquidatable and returnable form in inverse ratio to the value added toward the final, functioning decentralized commodity market.

The initial bootstrapping phase for funding the R&D needed to scale the production of xylitol from hemp will be managed by the founding project members over phases that will cover many milestones. The founding members of HempSweet appreciate the BitShares DEX ecosystem provides more than enough features for this phase of development, and should even be able to host the final tokenization system and smart contracts if there should be a problem with integration into DASH Evolution. At this stage of development and funding, all parties who wish to be involved will benefit from the various autonomous functions the BitShares and DASH offer. These include smart contract based crowd-funding and escrow services, a decentralized open-ledger with transparency of funds, transparency of social contracts with censorship resistance and reward payouts. The values associated with these decentralized governance platforms are in alignment with our own. They include privacy and the right to anonymity, non-exclusion, non-aggression, and mutually voluntary participation.

### Goals of the Bootstrapping Phase

1. **Incentivise Contributors** and preserve value needed to develop the HempSweet commodity ecosystem throughout the bootstrapping phase.
2. Platform Independence: The concepts and tools should be portable to any platform that implements the features used by the OpenLedger CM, but the value infused in the system in the form of "**VALUE**" tokens will remain with the initial iteration, but the technological backend used to support the token could change as advances in digital asset tokenization are made.
3. Allow HempSweet Makers to **labor in freedom** and backers to participate in freedom through the purchasing of HempSweet Tokens and their use within the ecosystem.
4. **Clearly define** and algorithmically enforce the contracts between the Makers of HempSweet development and the community providing the resources needed to go from theory to practice.
5. **Benefit** the decentralized ecosystem as a whole.

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## The HempSweet Trust - Milestone I

The HempSweet Trust will retain a combination of BitShares native tokens bitUSD, BTS and paired foreign network assets open.DASH.

This Trust will pay escrow management costs, OpenLedger CM promotion/education and provide paired asset liquidity market making. Thus this Trust will retain the bulk of its value over the time of its existence and will not be subject to the high volatility and market manipulation experienced in the crypto-economy. Ergo, adding additional stability and predictability to project development. The cost of escrow maintenance and transacting digital assets platform is outlined below.

Escrow and paired digital asset market making is automatically paid by The HempSweet Trust

- HempSweet Trust key holders will be paid \*\*%/month VALUE and bitUSD.
- Transaction fees only apply to transfers within the DEX, which fees are decided by BitShares' Committee Members which currently are 0.01 USD.
- Open.Dash Market fees only apply to trades within the DEX, which fees are decided by the issuer OpenLedger CM which currently are 0.20%.
- HempSweet Maker team requires a monthly payout of \*\*\* VALUE tokens and \*\*\*\*\* bitUSD to dedicate two full time workers to continue expansion into the US hemp cannabis market.

The HempSweet Trust (Multi-Signature BitShares wallet) holdings will be in DASH, bitUSD, BTS to support paired liquidity market. The following wish list of HempSweet Trust key holders:

1. Evan Duffield (DASH)
2. Daniel Larimer - (BitShares & STEEM)
3. Ronny Boesing (OpenLedger)
4. Christoph Hering (BitShares Munich & BlockPay)
5. Dan Notestein (BlockTrades)
6. Amanda B Johnson (Dash Detailed)
7. Travis Remington (HempSweet)
8. John Ferguson (HempSweet, Tech & Choice, SAFE Crossroads)
9. Jeffrey Tucker (Foundation for Economic Education)
10. Roger Ver (Bitcoin Angel Investor)

So example would be

1. DASH (with 3 of 10 multisig)
2. BitShares (3 of 10 multisig)

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4. HempSweet (3 of 10 multisig)

5. FEE (3 of 10 multisig)

## The HempSweet Trust Liquidation Switch

There are two instances that will cause the HempSweet Trust to activate the liquidate-assets-switch and equally distribute one hundred percent (100%) of the remaining stored value (after paying all transaction and storage debts) proportionally to all VALUE tokens in existence. This is designed as a hedge to preserve the collective stored value for the community that created it:

1. 100% or more weight of key holders of the HempSweet Multi-Signature Trust account initiate liquidation.
2. Completion of HempSweets Minimal Viable Product, which is large scale production of xylitol made from hemp. This will mark the transition of the single soft commodity controlled by HempSweet to being fully managed by the OpenLedger CM system processes and open source free market community as a whole. When the HempSweet Maker team submits the approved MVP completion proposal and quorum is met (Minimal # confirmation votes) then the Trust's Liquidation Switch will be activated and all remaining funds (after paying all storage/transaction costs) in the bank will be distributed proportionally to every VALUE token in existence.

## Proceeds from Decentralized Governance Alliance Creation

As value in the form of DASH, BTS and bitUSD is received from decentralized governance platforms or from later planned OpenLedger DC crowdfund, that value will be locked in the HempSweet's Trust BitShares Account.

Upon an approved funding proposal and the monthly 83,333 bitUSD has been sent directly to PureHemp Technologies, LLC, an immediate payout of ten percent (10%) of total incoming funds will be sent to HempSweet Makers BitShares account.

## VALUE Token

The HempSweet Trust has total control of the store of value that will include DASH, BTS, bitUSD. Additionally, The HempSweet Bank is the only issuer of VALUE tokens (BitShares User Issued Asset (UIA)) after the completion of HempSweet's pre-alliance phase; the exact distribution of both [HEMPSWEEP](#) and [VALUE](#) can be found by clicking the hyperlinks.

**VALUE tokens are the only way** funds can flow out of The HempSweet Trust, thus the individual/group/entity with the largest share of risk also has the most assurance of stored value. This also means Value Tokens will have an **immediate inherent value** because it is backed by the total value of the HempSweet Trust.

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## OpenLedger DC HEMPSWEET Crowdfund - Milestone II

Since the minimum capital required to fund R&D with scaling HempSweet's decentralized industrialization is provided by alliance members, the crowd fund's primary focus will be to generate public awareness and participation with this novel approach to funding, managing and building a new commodity industry from the ground up, in a decentralized fashion. Additionally, it will be an amazing proof of value for each decentralized governance model that has brought value to the alliance. Finally the crowdfund will sell the alliance's first soft commodity (HempSweet xylitol) and offer a way to bridge partnerships between crypto-communities and industries seeking benefits offered by the HempSweet xylitol commodity, other uses with the hemp plant (25,000+) and/or disruptive decentralized products this federated alliance offers; most notable is the immediate partnership with the newly forming 100+ billion dollar US cannabis industry that is largely unbanked and still acutely aware of the horrific consequences of centralized control of money and power.

Typical crowd funding require participants to hold the majority of risk up front and at the same time this can disincentive the Makers from spending any further sweat equity towards the project, because the Makers received the entire amount of value up front; any expenditures cut into the received funds and often their only source of income from the project. New Makers are hesitant to join a project later because they did not receive immediate value of the crowdsale and now are dependant on wage pay (direct cost to project) for their work provided. Plus, it is also difficult to anticipate the revenue success of a startup project and if the project becomes as successful as a company like Apple then the workers see a disproportionately small return on investment (physical work) when compared to capital investors.

VALUE Tokens keep an elegant balance between risk and reward as well as the balance of power between the project of capital investors and Makers. As more work value is created for the project, more stake and monetary rewards will be received by the HempSweet Makers.

Simultaneously the early capital investing Decentralized Governance communities will initially receive the largest payouts of any revenue gained from the sale of HEMPSWEET token digital receipts. If the **Makers chose** to trade their earned VALUE tokens (stake in future reward) for immediate capital, then the capital investor will continue to hold the majority of stake in the project and future rewards.

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## The Crowdsale and The HEMPSWEET token digital receipt

There is not a fixed number of HEMPSWEET Token (HT) digital receipts that will be issued, but they can only be created (minted) two ways:

1. HT is created in any volume by fueling the crowdsale account with DASH that is immediately creating HT digital receipt and sending it to the BitShares compliant account paired with the account that sent the DASH, at the conversion rate described below, and simultaneously minting VALUE Tokens that will be sent to crowdsale participants and an additional 10% to HempSweet Trust.
  - For example, 1 million VALUE Tokens are created from DASH received in the crowdsale then 100,000 VALUE Tokens additional will be created for the HempSweet Trust. Resulting in a total of 1.1 million additional VALUE Tokens in existence at the completion of Milestone II and Creation Crowdsale.
2. After milestone II, each subsequent selling of HempSweet commodity on the open market will cause automatic Minting of additional issuance of HEMPSWEET token digital receipt. See HempSweet's Whitepaper for further details on instances further selling is possible by HempSweet Makers.

### Crowdsale Creation of HEMPSWEET Tokens

The initial (perhaps only) Crowdsale for individuals and/or companies to directly participate in HempSweet development will mark completion of Milestone II in the development process. The purpose of the Crowdsale is to reward the alliance members, who hold VALUE Tokens, for bringing the project to the public (Milestone II) and to fund the project through delivery of the final HempSweet xylitol product to the world.

**For sale:** HEMPSWEET Token (HT).

**Currency accepted in sale:** DASH

**Start Date:** HEMPSWEET (HT) Crowdfund phase began on \*\*\*\*\*

**Duration:** 28 days.

#### **Conversion Schedule:**

For the first 14 days: 1 HEMPSWEET Token (HT) for 5 BitUSD (DASH trade value)

For the 10 subsequent days: linear increase

For the last 4 days: constant 1 HEMPSWEET Token (HT) for 10 BitUSD (DASH trade value)

**Markets:** HEMPSWEET and VALUE Tokens are already fully transferable and tradable



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peer-to-peer, and are listed on any participating BitShares DEX capable exchange/wallet service. Mainly OpenLedger DEX and possibly BitSquare Decentralized Exchange will be pursued; this is planned with the specific intent of traders keeping control of the keys to their assets at all times.

## **OVERVIEW - FEDERATION VALUE PROPOSITION**

This proposal will show how DASH can begin planting the necessary seeds needed to realize its full potential as a disruptive innovation that provides value beyond existing systems, which will increase the likelihood of mass adoption. The largest US industry that is almost completely unbanked is the cannabis industry; including the 100% legal in all 50 states, industrial hemp. In 2016 the US consumers spent over 50 billion on cannabis sales and with the majority of those sales where in physical cash and they are already seeing the limits to scaling. The central banks will ultimately swoop in to “save” them, but not until they have successfully crushed small businesses. The costs to do a pure physical cash based system are staggering and costly security, robberies, theft and storage costs are slowly choking out the farmers who kept the industry alive throughout prohibition.

Immediately when we saw the value in a decentralized governance model we started a DASH masternode and have moved towards emulating the model for our own industry completely separate from finance. With a proper balance of incentive for all parties who interact with DASH we see it being the first functional consumer currency. We have already acquired all components needed to make a complete economic closed loop that is completely separate from legacy banking. We stand to completely turn the approach of currency adoption on its head where we will be able to reward every participant at every level of the economic loop for using DASH and bitUSD for businesses with small margins that need a recognizable reference point of value.

We have secured agreements at every level where there is an exchange of value within this economic loop. The farmers; hemp refineries for 25,000+ products; bulk production/manufacturing (HempSweet will produce the 1st product stream outside of the cannabinoids from hemp with our xylitol sugar); wholesalers; and merchants who will sell our products and will now be incentivized to promote DASH because that will be the currency we offer for the best value proposition. Cannabis and Crypto are one in the same, which is a self empowering technology an individual can wield to liberate their world. People are just starting to realize the potential of these two technologies. One is ancient and has been used by humans for over 10,000 years and the other [crypto-currency] appears new, but its function is closely related



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to cash. The internet of money has become so disruptive it is allowing humans to slowly return to a natural state of balance where we humans across the world are reawakening to the knowledge of money, freedom and liberty.

Bitcoin and its Byzantine Fault Tolerance solution absolutely changed mathematics and computer science forever, but for everyone else it has remained abstract with the current 5+ year block size debate as proof of where Bitcoin may be exposed to attack by lack of human consensus. Like any new evolutionary invention, they struggle to bridge the old with the new and don't get everything right the first time. Bitcoin has proved immense resistance to computer initiated attack and has preserved the digital peer to peer vision, but for those who quickly saw this giant leap forward for social decentralization of power.....well, depending on your perspective the rest can be interrupted with a high level of variability.

There are two blockchain technologies that have continued to succeed with an addition of a decentralized governance model at its core. When compared to what has already been achieved by Bitcoin's first mover advantage it is easy to discount the potential of holistically decentralized platforms like DASH and BitShares. HempSweet are committed to the global resurgence of human's companion plant, cannabis, and we feel the first application it should be used for is linking DASH and BitShares together. DASH is trying to prove itself as an actual currency and as well as preserve the self-empowering qualities of a decentralized store of value many envisioned for Bitcoin. BitShares is trying to prove itself as the most advanced decentralized open market where anything of value can be traded for anything of value without permission.

Separate these two platforms may eventually realize their potential, but together in a symbiotic way they stand to instantly prove the unmatched scalable power of holistic decentralization. HempSweet is set to drive human industrialization on a different course and if successful will positively disruptive multiple trillion dollar industries. As we have developed HempSweet's Whitepaper, ["PIONEERING A NEW, SCALABLE MODEL FOR SUSTAINABLE, DECENTRALIZED INDUSTRIALIZATION."](#) and fully evaluated the disruptive potential, one may start to see a bigger picture that even expands beyond crypto-blockchain and hemp. This image is a good example of what we face and our limited sources of capital support:

**Modern Uses for the Cannabis Plant**

**Industrial**

- Textiles
- Paper
- Plastics
- Composites
- Construction
- Automotive
- Marine
- Aviation
- Space
- Medical
- Pharmaceutical
- Food
- Chemical
- Energy
- Transportation
- Defense
- Law Enforcement
- Education
- Healthcare
- Recreation
- Art
- Science
- Technology
- Environment
- Community
- Religion
- Philosophy
- History
- Geography
- Politics
- Economics
- Social
- Culture
- Language
- Mathematics
- Physics
- Chemistry
- Biology
- Psychology
- Sociology
- Anthropology
- Archaeology
- Geology
- Metallurgy
- Mineralogy
- Botany
- Zoology
- Ecology
- Environmental
- Conservation
- Wildlife
- Nature
- Wilderness
- Recreation
- Adventure
- Travel
- Transportation
- Communication
- Information
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[illegible]

## GOALS

1. Leverage DASH's governance model to fund/develop HempSweet's proof of industry commodity product streams; while at the same time bringing in immense value and demand for DASH as the Internet's currency and store of value.
2. Leverage BitShares' governance model and unlimited potential for providing a decentralized permissionless exchange of fungible commodity currencies; while at the same time bring the needed liquidity to realize the full potential of a decentralized exchange .

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This is a basic outline of a proposed collaboration between Dash, BitShares and HempSweet (itself a project of Value Choice Research and Consulting). The purpose of this alliance or federation is to enable a paradigm-changing expansion to all parties, but also to expand general understanding of the power scope of decentralized governance models to change how individuals and groups can better organize to collaborate to establish critical mass.

The common ideal underlying all efforts to forward decentralizing governance technologies is fairly simple at its most basic level:

The desire for individuals and groups to control and freely exchange whatever property or creative value they have, in accordance with their own personal, social and/or ethical values, while cooperating to mutual advantage in a structured and balanced way.

Bitcoin has opened a big door in that direction but is not, of itself, a complete solution. Bitcoin not suffering from the inability to reach consensus of the blockchain, but it is experiencing existential uncertainty due to its inability to reach consensus at a human level. Whatever happens with Bitcoin in the long run, it has demonstrated that it cannot go all the way, and is in many ways is being used to inhibit the actions of others to forward the above ideal. In the long run, we feel that these “flaws” in Bitcoin will prove to be providence, but in the short term, other promising technologies such as Dash and BitShares are . . . well, not sufficiently supported, to be diplomatic. Despite being marginalized and even suppressed by the Bitcoin maximalist powers, the Dash and BitShares communities have steadily progressed despite bumps, evolving their technologies to a high level of function because those communities have a different vision.

Each of the proposed participants in this collaboration have certain resources and needs to be considered:

#### **Dash -**

**Resources:** Dash is focused on being a currency of all the people, and it is proving quite capable of doing so at scale. It is focused on ease of use, rapidity of transaction, capability of anonymity, being a store of value and, with the advent of Dash Evolution, accessibility by everyone. Dash has a governance model and financial structure that enables vested, but decentralized, Master Nodes to rapidly yet judiciously arrive at consensus on important matters ranging from core and client software direction and execution, to employment of developers, to marketing and public relations projects. It has a mining-reward sharing system of %45 to miners, %45 to Master Nodes and %10 to operating and expansion resources (disbursed at the direction of transparent Master Node holder consensus). Its incentive structure and governance model give it the resources and

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analytical decision-making capability to engage external resources in relationships which can benefit the Dash ecosystem.

**Needs:** Dash needs to increase adoption and network effect, and in doing so will gain value. These needs are progressively being met by its functional structure, but we can present a way to rapidly expand that progress and achieve the imperative need to complete a full economic circle.

## **BitShares**

**Resources:** BitShares enables all manner of currencies but is, at its heart, a decentralized exchange platform, fully capable of scaling to replace the world's stock, currency and commodities markets. One of its most important functionalities (from our current perspective) is to support markets by which any asset can be value-pegged to any other. This allows for assets such as bitUSD, bitCNY and bitEuro, which are digital tokens pegged by underlying markets to always be redeemable for the underlying currency. These in turn allow for avoidance of volatility and accounting difficulties that have traditionally disincentivized many adopters of crypto. User-issued assets which can be traded at negligible cost enable hybrid trust/non-trust relationships wherein a token is backed by a trusted entity, but can be traded trustlessly. Though not understood, and often discounted but many, the BitShares community has moved forward, building and buttressing the technology. BitShares also has a decentralized governance structure which, though different, is quite capable of handling BitShares forward expansion.

**Needs:** For a long while the BitShares governance model suffered from the fact that many BTS holders kept their holdings on exchanges, giving the exchanges themselves disproportionate voting power. Since BitShares, being a truly decentralized and functional exchange platform, is an ultimate competitor for centralized exchanges, it is understandable that competitors holding a lot of effective voting stock inhibited progress. This situation has remediated somewhat, but further incentive for owners to take their BTS off of exchanges would be very beneficial. Another great need is to incentivize enough BTS on various markets to maintain long and short positions for pegged assets. And, of course, a virtuous cycle of adoption and liquidity will drive up the BTS price and incentivize its use as a hedge currency, because doing so is profitable in an operational and expanding market. This proposal offers an opportunity to remedy all of these needs.

## **HempSweet**

**Resources:** ValueChoice Research and Consulting was explicitly formed on the proposition that crypto and networking technologies need to and can be put into use as they exist. The analysis point for doing so is finding pain points that would directly benefit from existing technologies, then connecting paths to utilization, connecting players, and using existing crypto-incentive and -governance tools to assist, as appropriate. The cannabis industry was an obvious choice, what with a number of US states having legalized marijuana but participants being unable to use banks

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because of federal complications.<sup>1</sup> To shorten the tale, R&D resulted in formation of HempSweet and preparations to execute the plan per the [HempSweet Whitepaper](#) (draft copy, subject to ongoing tweaking as details finalized). That plan can and will be executed as originally envisioned if this proposal does not result in action, but we see an opportunity to create a cooperative synergy which could act as a multiplier not only for the proposed collaborating communities (Dash, BitShares and HempSweet), but for the theory and practice of decentralized organization generally.

To fully grasp the proposition of what HempSweet brings as resources, one will need to read the Whitepaper, but put succinctly:

1. HempSweet brings a means to connect a complete chain of cryptocurrency and crypto-asset usage through various constituents of industrial hemp industry, from farmers to processors to manufacturers to retailers (and/or end users). Chain should easily expand and popularize usage into the legal marijuana industry as well.
2. The formation of what will be effectively the first decentralized soft-commodity futures exchange.
3. A facility for the DAOs of both Dash and BitShares to hold stake in and exercise oversight of building HempSweet industries through shared funding and receiving direct revenue from the sale of physical products.
4. An interface between the digital-property and real-world-property spaces

#### **Needs:**

1. As covered in the whitepaper, HempSweet requires funds to ensure completion of final scaling R&D, initial production, administration and promotional activities. If raised by a pre-sale of our final HempSweet product per the whitepaper, this amount would be about \$2.2 million. It will come to considerably less using the method in this proposal.

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<sup>1</sup> For definitional clarity, *marijuana* is just one form of cannabis. It is the form that contains greater than (>) 0.3% of the psychoactive compound known as THC. The terms *hemp* and *industrial hemp* are used to cultivars containing less than (<) 0.3% THC. These terms are often used interchangeably, but for clarity we maintain these definitions herein and elsewhere as much as possible. *Cannabis* can refer to either or both, but is often thought of in connection to marijuana.

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## **SPECIFICATIONS FOR DASH MASTERNODE TREASURY**

HempSweet respectfully requests funds from DASH treasury for the following needs:

1. Fund the needed 12 month R&D provided by PureHemp Technologies, LLC
  - a. \$83,333 bitUSD/month in DASH equivalent. A new proposal for this specific item can be done for each payout cycle or quarterly.
  - b. \$15,666 bitUSD/month in DASH equivalent. To fund Travis and John to work full time as HempSweet's core team that will manage all community communication, marketing, travel to Hemp and BlockChain events, podcast sponsorship by DASH, speaking events, travel to meet with potential future partnership opportunities.