

Crypto Cúcuta

March 2018

www.cryptoCúcuta.com

	Page
1. Executive Summary.....	1
a. Goal Statement & Key Objectives	
b. Crypto Overview	
c. Regional Analysis	
d. Validation	
e. Team	
2. Project Description.....	3
a. Problem	
b. Solution	
c. Operation Plan	
d. Timeline (Project Milestones and Schedule)	
e. Strategic Partnerships	
f. Deliverables	
3. Risks and External Dependencies.....	5
4. Desired Outcomes	
5. Reviews and Checkpoints	
6. Exhibits	
7. Sources	

1) EXECUTIVE SUMMARY

Venezuela, once the richest country in Latin America now on the brink of collapse, has the opportunity to be a milestone in the history of crypto-adoption. We believe crypto currencies can provide economic stability to Venezuelan communities suffering under severe shortages of food and medicine, a worthless currency and an oppressive dictatorship.

Cúcuta, Colombia is a border city with 300,000 Venezuelan refugees. Our vision is for Cúcuta to be the first city in the world with 50% crypto adoption.

We are asking for \$2,000,000 USD to establish a Crypto Exchange and Educational Center in Cúcuta. Students that complete a one hour training session and pass an exam will receive \$4 (the equivalent of 2 weeks salary).

Venezuela presents a unique opportunity for this type of project. Typical crypto asset volatility pales in comparison to the high currency inflation of the Bolivar. A decentralized-trustless system is perfect for a population that has lost total faith in their corrupt and incompetent government.

If you give people the right tools, they can build their own future. By giving these Venezuela refugees access and education around crypto currency, we can help them build a new future for Venezuela.

1a) Key Objectives:

- Be the first to achieve +50% crypto adoption in a major city
- Provide support and aid to 300,000 people in Cucuta, Colombia
- Prove crypto currencies are a workable form of digital cash
- Establish a successful and safe business operation that is can be easily replicated

Contact: David Hay, Host of Crypto Riot. A cryptocurrency educational channel on youtube with over 6.5 million views and 120,000 subscribers. me@davidhay.org

1b) Crypto Overview ()

Currencies under consideration

	PROS	CONS
DASH	<ul style="list-style-type: none"> - Established community in Venezuela - Funded proposals in Venezuela - Funding comes directly from the DAO 	<ul style="list-style-type: none"> - Transaction fees
NANO	<ul style="list-style-type: none"> - No transaction fees - Active community 	<ul style="list-style-type: none"> - Mobile Wallets in Beta - Possibly vulnerable to government spamming - Funding needs to come from donations

SmartCash	-Funding come directly from DAO -Active community	- Small market cap
Digibyte	-Low transaction fees -Fast	- Large price volatility
PIVX	-Private, low cost with working DAO	- Small community in VZ
BolivarCoin	-Focused on the local market	- Small marketcap

1c) Regional Analysis

Venezuela is a South American country with a population of 31 M people. Historically, Venezuela has been among the most prosperous and stable countries in the region. During the presidencies of Chavez (1999 - 2013) and Maduro (2013 - present), about 10% of the population left the country due to political and economic instability. The country's economy is over-dependent on oil and oil prices are at the lowest levels since 2002¹. Venezuela has the world's largest oil reserves and yet the country's productivity levels are at an all time low. The government's mismanagement has led to dramatic scarcities of food, medicine and other basic goods. 2017's annual inflation was 2,616%; it is projected to double by the end of 2018.² As of March 2018, the average weekly wage is equivalent to \$1.94/ week.

The Maduro regime announced the Petro Coin (*petromoneda*) in February 2018. This crypto government bond is backed by Venezuela's oil and mineral reserves and has a maximum supply of 100 million coins. The government claims that it has raised \$785 M in the coins presale but there have been no verified reports. The Petro coin's white paper gives little detail on features of the coin or even the protocol it is built on (NEM or ERC20). Many in the crypto and political community speculate that this is the Venezuelan government's attempt to finance itself in the face of the plummeting Bolivar and international sanctions.

Crypto adoption in Venezuela is already relatively high. In 2017, Bitcoin trading volume in Venezuela went from a little over \$200K to \$2M USD over the course of the year. Cryptomining has become so popular among Venezuelans that the government has made it illegal to mine without registering.³ Venezuelans have set up a BolivarCoin in an attempt to create a local crypto economy. There is also an active DASH community run by Eugenia Alcaca that has successfully organized 5 conferences and is in the process of building out a DASH call center. Get Free DASH Venezuela went viral and is now up to 25,000 sign ups.

Cúcuta, Colombia is a small border city with a population of 650,000. Due to the crisis in Venezuela, 300,000 Venezuelans have fled to Cúcuta, stretching the city's capacity and resources.⁴ Launching a Crypto Exchange and Educational Center in Cúcuta would help the thousands of Venezuelans in this community integrate and provide value to the local economy.

¹ source

² Source:

<https://www.reuters.com/article/us-venezuela-economy-inflation/venezuela-2017-annual-inflation-at-2616-percent-opposition-lawmakers-idUSKBN1EX23B>

³ Source: <https://cointelegraph.com/news/venezuela-to-regulate-bitcoin-mining>

⁴ Source: <https://www.nytimes.com/2018/02/17/world/americas/venezuela-crisis-colombia-migration.html>

1d) Validation

We believe this plan has support both within the crypto community and among Venezuelans. The DASH community has already funded five proposals in this region. Funding this project would add momentum to those efforts and multiply the impact of the work. As more merchants and citizens get onboard with this project, more economic value will be added to the region. Our hope is that this project can help Venezuela recover from its current economic crisis and establish proof that cryptos can work as a means of exchange in local communities.

1e) Team

2) PROJECT DESCRIPTION

2a) Problem

The city of Cúcuta has been struggling with the influx of Venezuelan immigrants. It is difficult to integrate these Venezuelan immigrants into the local economy because they arrive with little savings or financial resources. These Venezuelans are largely educated and can meaningfully contribute to the economy.

2b) Solution

Our solution is to distribute \$2,000,000 USD in cryptocurrencies through a Crypto Exchange and Educational Center in Cúcuta; giving each customer \$4 USD as an incentive for opening an account. This center will be open to everyone and marketed specifically to Venezuelan immigrants. Our goal is for Cúcuta to be the first city in the world to reach over 50% crypto adoption.

2c) Operation Plan

Our goal is to launch a Crypto Exchange and Educational Center Cúcuta with the following objectives:

- Onboard 1000 new users a day
- Provide fiat to crypto and crypto to fiat exchange services

The center will require a team of 50 people, a local office, special software and 90 days to launch. Please see the exhibits for our estimated costs and office layout.

Pre-Launch: The primary objectives pre-launch are to build a network of crypto merchants and advocates in Cúcuta, hire and train the center team and scout a location for the exchange center. An outreach team of volunteers (local and from abroad) will build out relationships with government, media/press, law enforcement, and local community leaders. During the pre-launch phase, we will onboard merchants and train them on how to accept cryptocurrencies. Our goal is to have full government support and a network of at least 10 merchants who are ready to accept cryptopayments. The center will need a staff of 50 people (including security detail). Staffing this operation is key to our success.

Launch: The primary objectives during the launch phase will be to onboard new users at a steady rate. The onboarding process will have three main steps or workstations when the customer enters the center.

- Station 1: Educational Training
 - This station will have 40 desks with laptops and headsets for customers to watch the training videos. Customers will get a brief overview of how cryptos work, how to keep them safe and where they can use this digital currency. Staff will be onsite to answer any questions. At the end of the training, customers will take a short quiz to ensure they understand the material.
- Station 2: Crypto Deposit
 - After training, students will scan their fingerprint to confirm they are not already in the system. A volunteer will set up the customers wallet with the \$4 fund and answer any questions the customer might have. No other personal information is collected on the customer.
- Station 3: Fiat Exchange
 - This station will operate similar to a bank or cash checking facility. The exchange will allow customers to exchange between fiat and crypto on the condition that only 10% of

the balance can be transferred each day. As more and more merchants accept crypto payments, ideally the need for this station will be less and less over time.

During this phase, our outreach team will find and educate other money exchangers and local banks. Ideally, other banks will begin offering exchange services for larger amounts of crypto. The outreach team will also manage the press and PR coverage of the center's local activities.

Post-Launch: The post-launch phase begins after the first 100,000 customers are onboarded.

2d) Timeline

- April 1 Funding Secured
- May 1 Software/ Database in beta, testing phase
- June 1 Build out office in Cúcuta
 - Establish local team
 - Train team and establish security relationships
 - Partner with local vendors (5)
- July 1 Open Office, Official Launch
- July 5 Venezuelan Independence Day!
- September 1 Milestones
 - 10% crypto adoption
 - 10 local vendors
 - 50,000 people onboarded
 - 200,000 transactions

2e) Strategic Partnerships

In order to succeed, we must leverage the great work already started by other crypto organizations in the region. We aim to ally ourselves and to whatever extent possible partner with the following groups:

- [DASH Venezuela Communities](#)
- [Get Free DASH Venezuela](#)
- [Cryptolifex](#)
- [GC Colibit](#)
- DASH Help Me Venezuela
- Surbitcoin
- BolivarCoin

2f) Deliverables

The platform chosen must have a working android/ios wallet along with support for paper wallets and tools for rapid merchant adoption.

RISKS AND EXTERNAL DEPENDENCIES

- Security + Safety
- Merchant Adoption
- Local market manipulation, extortion or micro-monopolies

Exhibits

- Estimated Costs
- Exchange Center Layout
- FAQs
- MPesa Case Study

Exhibit A: Estimated Costs

	Fixed Costs (\$90,300)
<ul style="list-style-type: none"> ● Equipment <ul style="list-style-type: none"> ○ 80 Laptops + Headphones \$22000 ○ 40 Desks + Workstations + 80 chairs \$6000 ○ Fingerprint Scanners (\$50/each) \$4000 ○ Networking Equipment \$2000 ○ 6 HD Live Stream Cameras \$2000 	
● Travel, Legal, Accounting	\$10,000
● Production of educational videos	\$5,000
● Software/ Internal CRM Database	\$19,300
● Office Construction, Security systems	\$20,000
	Monthly Costs (\$12,900)
● Office Rent	\$1500/month
<ul style="list-style-type: none"> ● Staff Wages for 40 people \$6400/ month <ul style="list-style-type: none"> ○ Managers (5) ○ Training/ Onboarding (15) ○ Money Exchangers (10) ○ Security Guards (10) 	
● Volunteers (10) food, accommodation, security	\$3000/ month
● Electricity/Internet	\$1000/month
● Maintenance/Supplies	\$1000/month
Total Cost for 10 months (best case scenario)	\$27,000
Total Costs for 24 months	\$52,200

Milestones:

Secure funding (March 31st)

Outreach team contacts merchants (+30 days)

Open 1st office in Cucuta (+30 days \$90,300)

Onboard 30,000 people (+60 days \$132,900)

Onboard 60,000 people (+90 days \$132,000)

Open 2nd office in Cucuta (+90 days +\$36,000)

Onboard 120,000 people (+120 days + \$256,000)

Onboard 180,000 people (+150 days + \$256,000)

Open 3rd office in Cucuta (+150 days + \$36,000)

Onboard 300,000 people (+180 days + \$518,700)

Total spent \$1,456,000 budget remaining for outreaching and merchant adoption \$544,000

Exhibit B: Exchange Center Layout

Exhibit C: FAQs

> Is this legal?

Cryptocurrency isn't illegal in Colombia. I am talking to people from the Dash team that live there. I'm not sure what type of government regulations we will face. My goal would be to side step as many as possible by structuring the business in a way that separated some of the steps. For example I don't think anyone can object to setting up an office/classroom and giving away digital crypto currency. I do see potential problems with exchanging that digital currency for fiat currency. We can separate the two businesses so if they shut down the exchange we can still run the classroom and continue to onboard people. Getting money changers onboard quickly is a key step because they are decentralized and can run profitably on their own. I don't think we are doing anything illegal. I'm not a lawyer, at some point I will need to get legal advice. It's better to ask forgiveness than permission. I think the Colombian authorities are so overwhelmed and their citizens are a higher priority than the immigrant so they won't have time to pay attention.

> Why don't you use the money to buy food and goods?

People need food but they also need freedom. When you give people food or blankets you remove their ability to choose what's most important to them and provide only enough for a barter economy. Giving people access to banking and money allows them to choose what they need and it also creates real opportunities in the community. Migrants don't need to beg, they can pool their money together and buy food they actually want in bulk. They can start businesses and move from a barter economy into more efficient money economy free from their corrupt government.

> Why don't you just give them money (local fiat currency) instead of a crypto currency?

Because this is a chance to prove crypto can be used by an entire city more efficiently. What happens if they want to send money across town? Across the country? What about security? Crypto is a more efficient way to do business, if they want local money they can exchange their crypto.

> Why don't you use Bolivar Coin?

Bolivar Coin is an excellent project and I'll be covering it in upcoming videos. Unfortunately it has a market cap of only \$430,000 and we want to inject 1.2 million more into the system. Larger cryptocurrencies are more stable and have larger marketing budgets.

> Will your plan put people at risk? What are the security concerns?

Yes security is a huge concern. Any time you work in these areas people will be at risk. We will need security and to follow strict security protocols. Almost 1,000,000 live in Cúcuta, there are hotels, restaurants, banks and businesses. It is dangerous and there are risks. Detroit, Oakland & Compton are also dangerous.

> Will you give money to all people of Cúcuta or just Venezuelans? How will you differentiate between the two?

Anyone that is at the physical location will be able to claim the money. We will not be able to distinguish between Venezuelans/Colombians, we want a fair and equal system that anyone can apply to. Our goal is for mass crypto adoption in one geographic area.

> Are there any restrictions on how they use the money? Will drug traders use the money?

There are no restrictions just like in real life with real money. People will use money to do good and bad things. This project gives immigrants money and freedom. Something that has previously been taken from them, they deserve to be in control.

> **Is this an experiment? What is the goal of this experiment?**

Yes. The goal is to create a blue print on how to onboard people to crypto currency. I hope it is duplicated around the world. This starts the crypto revolution from the ground up and makes good on all the promises a lot of people write about in white papers. Banking for the unbanked, sovereign control finances, freedom to use money and send money anywhere in the world without permission. Once Cúcuta Colombia reaches +50% adoption it won't go back.

> **What are the ethical considerations? Is there a possibility of doing more harm than good?**

I'm not aware of any but that's always a concern. No plan is perfect but the world would be a sad place if people are more afraid of failing than trying to succeed. This is a crisis, the whole world is failing these people and things have to change.

> **Are we putting refugees at risk by giving them money and making them targets?**

Are you making them targets by giving them food? Cúcuta is still a functioning city with a government, police force and assistance from the military.

> **Is the building safe as a repository for cash?**

We will find the most suitable building possible and add security. Banks operate in the city, it is dangerous but possible.

> **What is Cúcuta like? Are there banks? Is there gang violence? Do you know anyone in the area?**

Take a look for yourself on google maps. They have google street view. I have personally never been to the city. I have family living about two hours away in Venezuela which is much more dangerous right now.

> **What if this project is associated with the government's crypto project- Petro Coin?**

It won't be. I have large youtube audience and I will get my friends in the space to make sure what we are doing is clear to everyone.

People to Interview

- Sabatini, a lecturer at Columbia University's School of International and Public Affairs
- Bram Ebus, reporter

Sources

- <https://news.mongabay.com/2018/02/venezuela-can-a-failing-state-protect-its-environment-and-its-people/>
 - *Venezuela is fast becoming a failed state, with 11.4 percent of its children malnourished, 10.5 percent of its workforce unemployed, and an annual inflation rate of roughly 2,700 percent for 2017.*
 - *with GDP set to drop 20.7 percent below its 2014 level*
 - *Arco Minero in Bolivar state to mining – 112,000 square kilometers, more than 12 percent of the country*
- <https://arcominero.infoamazonia.org/>
- <https://colombiareports.com/border-breakdown-homicides-7-alongside-colombias-border-venezuela/>
- <http://thehill.com/opinion/international/371051-venezuelas-dire-state-makes-the-great-depression-look-like-a-mild>
- <http://thehill.com/opinion/international/374520-bolivian-diaspora-can-no-longer-be-ignored>
- <https://www.forbes.com/sites/kenrapoza/2018/01/31/venezuelas-oil-power-vanishing-hard-default-fears-rising/#6e9f7e191940>
- <https://www.reuters.com/article/us-venezuela-food/venezuelans-report-big-weight-losses-in-2017-as-hunger-hits-idUSKCN1G52HA>
- <http://money.cnn.com/2018/02/22/news/economy/colombia-venezuela/index.html>
 - More than half a million Venezuelans were living in Colombia last year, up 62% from the year before. Makeshift refugee camps are popping up in parking lots and parks in Colombia's largest border city, Cúcuta.
- <https://www.bloomberg.com/view/articles/2018-02-26/venezuela-s-refugee-crisis-needs-a-regional-response>
- - According to the United Nations, 5,000 Venezuelans have fled to Curacao, 20,000 to Aruba, 30,000 to Brazil, 40,000 to Trinidad and Tobago, and more than 600,000 to Colombia.
 - Colombia, bearing the heaviest burden, has granted its own version of temporary protected status to some 150,000 Venezuelans, even as it has cut back on new visas, beefed up military patrols to stanch illegal crossings, and visited refugee camps in Turkey to look for best practices.