



VICU
White Paper

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ABSTRACT

The concept of money has evolved over the years, and yet there is still room for improvement. The promise of digital assets—global fluidity, frictionless, democratized—has not been fully realized. Despite the proliferation of projects, billions of dollars of resources and years spent in development, even the leading digital asset, Bitcoin, has significant issues that limit its utility.

In this paper, we introduce VICU Token, a new digital asset that is fully collateralized one-for-one by USD.

We explain the advantages that the VICU Token brings to financial markets, allowing participants to transact in a trusted and secure, USD-backed and denominated asset with the benefits of blockchain technology.

We believe that VICU Token represents a significant advancement in digital assets, leveraging the infrastructure, oversight and stability of the traditional financial system, while operating at the speed of the Internet.

THE MEANING OF MONEY

Money is defined by three main functions: means of exchange, unit of account and store of value. In part, digital assets were created to improve on these functions, ushering in an era of “programmable money” and smart contracts. However, none have truly succeeded in improving all three functions in a superior way, primarily due to their volatility.

As a means of exchange, digital assets are not commonly used; rather, they are largely used for speculative purposes. Those more specifically designed to operate as a means of exchange have achieved low adoption. There has just not been enough utility, ubiquity or ease of use for widespread usage.

As a unit of value, most digital assets have values that fluctuate far too greatly to be considered an improvement over many standard fiat currencies.

As a store of value, certain digital assets such as Bitcoin may represent significant improvements over fiat currencies, which continually devalue over time. However, their volatility means that they do not function well in this regard, yet, if ever.

Fundamentally, most digital assets do not fulfill the three basic functions of money, with the greatest concern coming from their volatility. (Most have even moved away from their original designations as “cryptocurrencies” to “crypto or digital assets” because they hardly resemble currency.)

There is a class of digital assets, however, designed specifically to solve for volatility, appropriately-named “stablecoins.” This is a relatively new category built to hold consistent value over time. Although stablecoins have gained some traction, the existing models lack one fundamental characteristic that is key to widespread adoption: trust.

THE IMPORTANCE OF TRUST IN MONETARY SYSTEMS

HISTORICAL CONTEXT

In early times, commerce took many different formats than how we see it today. It started with the barter system, which worked well in small, closed societies where any trade required just two parties to agree on the equivalence of their goods. Money eventually took the form of more portable, less perishable but still intrinsically valuable representations of value, like gold coins.

The next step required a bigger leap of faith. Moving from gold coins to inherently value-less representations of money—such as in paper or simple accounting—required trust in several forms: trust that the system would maintain fair market pricing of goods and services against the currency, and trust in a broad set of market participants to follow a new set of operating principles. No longer could one simply make a deal that looks fair in isolation, trading one's chicken for another's loaves of bread; the new rules required that beyond the two transacting parties, everyone within this larger society generally agreed on the value of the goods.

When considering the problem of collective trust in a currency system, it becomes clear why successful monetary systems have by necessity been issued by governments. A central authority can have control over the monetary supply and the value of money, ensuring that it is stable enough to have utility for all market participants, and it can also create the legal framework within which citizens operate. When there is a finite, defined and large enough total market (one nation), with a central authority and accountability (the governing body and laws), all market participants (citizens) can safely assume a level of trust in the system and each other. These are the principles that have underpinned money for thousands of years and have become ubiquitous in fiat form across all modern nation states.

TRUST AND DIGITAL ASSETS

Trust has been designed in the very logic of how blockchain-based digital assets operate. The code is rules-based and very hard to change. All changes to the

blockchain are recorded and confirmed in a decentralized way that is created specifically to democratize access. Rather than using a trusted intermediary to facilitate transactions, the blockchain serves as the trusted, consensus-driven protocol.

Bitcoin took the concept of decentralization the furthest such that there is truly no one central figure overseeing it, and few people claim to even know its progenitor. However, even in this case, the low number of core developers (several dozen with code regular code commits) and mining pools (under 10) demonstrate that this egalitarian ethos remains de facto quite centralized even though de jure it might not be.

Yet despite the distribution of trust to the network, digital assets still have not gained the widespread trust of the public. Most people do not have first-hand experience with the code or understand how it works, so digital assets' trustless nature remains untrusted. Many people are also confounded by digital assets' lack of physical backing by anything of inherent value or by government fiat. Moreover, the volatility of these assets makes them seem more like investment vehicles than forms of payment.

The controls built into the digital asset ecosystem, however, still pale in comparison to the very rigorous systems that already exist for regulation, oversight, auditing, insurance, etc. in traditional finance. Since these systems are nascent at best for digital assets, traditional assets remain more trusted.

VICU TOKEN

Blockchain technology has introduced exceptional innovations—distributed ledgers, decentralized trust, smart contracts, etc.—yet has not improved on the basic principles that characterize money, nor has it built the trust of the public necessary to achieve popular adoption.

VICU Token is designed to leverage the new innovations of blockchain technology to improve the function of money, while being supported by traditional infrastructure that can ensure it is trustworthy. In other words, VICU can offer a token that combines the trust and stability of fiat currency with the utility and immediacy of digital assets.

BASICS

VICU Token, or VICU, is a token that is backed one-to-one by USD deposits and available through the VICU Exchange. VICU is available one-to-one in exchange for USD and redeemable one-to-one for USD. Upon redemption, VICU tokens are immediately removed from the supply; VICU are only in existence when the corresponding dollars are in custody.

VICU operates under governing principles of the highest standard. Unlike a bank, which uses client funds for its own benefit and funding, a trust company acts as a fiduciary that custodies customer deposits and therefore will always keep customer funds completely segregated. All dollar deposits are held in Costa Rican or FDIC-insured U.S. banks and customer dollars are all accounted for as customer property.

In other words, VICU accepts dollar deposits and issues VICU Token which can be traded, transacted and transferred easily and without friction. Currently, the economy of digital assets is fluid, global and fast, yet faces meaningful roadblocks when trading between digital assets and fiat because of the inherent delays in the traditional banking system. VICU Token gives users the convenience of keeping their liquidity in digital assets while still maintaining stability.

VICU Token is as good as or better than fiat in each of its functions: it is easier to exchange, maintains the same unit of account, and provides the same store of

value. Fully collateralized by USD, VICU Token is therefore an improved model for money.

KEY PRODUCT FEATURES AND BENEFITS

- VICU Tokens are issued and redeemed by VICU Exchange. As a trust, VICU Exchange issues VICU Tokens directly with no need for any middlemen. This enables more efficient operations, including shorter redemption windows (VICU Tokens can be redeemed for dollars within one business day) and lower fees.
- VICU Tokens can be sent to or received by anyone with an VICU wallet. All transactions operate according to the rules of a smart contract on the Ethereum platform following the ERC-20 protocol. Because of this smart contract, transactions eliminate human error and the system operates only as programmed.
- The VICU exchange, will allow users to cash out of their holdings directly and almost instantaneously to USD.
- VICU Exchange is available 24/7 to facilitate settlement against any type of asset including crypto, security and asset tokens or for payments. Unlike fiat, which is only available to settle trades during bank business hours, VICU can move anywhere, anytime.
- Built on the Ethereum blockchain, VICU is a programmable token that can participate in the larger global community of tokens, helping create a global platform for programmable money with stability.

EARLY USE CASES

The digital asset space is still young, so we expect initial use cases for VICU Tokens to be quite distinct from future use cases. In the immediate horizon, we expect these applications to be most quickly adopted:

- A means of payment for services and products without any bank intervention (Peer to peer)
- Conversion to a stable asset as a hedge during times of volatility. Investors who trade digital assets can hold assets in VICU to limit exposure to digital asset volatility, thereby benefiting from the stability of the US dollar without incurring the fees and delays of converting to fiat.

- Execution of more complex, programmable digital asset transactions with less volatility. VICU, built on ERC-20 with Ethereum smart contract support, is designed to handle sophisticated transaction terms and conditions and work within the larger ecosystem of tokens, while mitigating volatility risk.
- Settlement of assets with fiat currency outside of traditional banking hours.
- An alternative to unstable offerings that digital-asset custodians and exchanges can provide to market participations.

Longer Term Utility

ASSET MOBILITY AND SETTLEMENT

A tokenized representation of USD resolves friction between digital assets and fiat. Because of the restrictions of banks, it costs time and money to convert digital assets into fiat. VICU Exchange instead creates a “home base” for the dollar in the digital world. VICU Token will aid the quick and efficient settlement of the cash component of digital asset transactions, and frequent traders will prefer to hold cash in VICU rather than in USD for its greater utility and liquidity. In the future, VICU Token can aid in the frictionless mobility and fast settlement of any asset—not just digital assets—but also commodities, securities, real estate and even more esoteric assets like fine art and collectibles.

Economic Implications

The potential for VICU Token goes much deeper. The promise of the concept is a fluid, digital asset that can easily move anywhere, anytime, in a trustworthy way with the universal understanding of exactly how much value it represents. Given this baseline, there are endless implications for how this new, digital asset can influence trade and commerce globally while enabling access. We visit some of these possibilities here.

COMMON BLOCKCHAIN-BASED PAYMENT SYSTEM

VICU Token can serve as a common blockchain-based payment globally. Built upon the Ethereum blockchain as an ERC-20 token, VICU Token has utility across a wide range of applications and an immediate potential footprint across the globe. Rather than issuing new money, as past coins have attempted, VICU Token provides a more stable representation of existing money with accepted and trusted value. VICU Token aims to make all assets, fiat or digital, more fungible and liquid, providing a common payment for transactions within and across asset classes. Available for listing across global exchanges, VICU Token is designed to be flexible, fast and global from its outset, and its global utility could enable VICU to essentially become a common currency in the world.

INTERNATIONAL TRANSACTIONS AND REMITTANCES

In the future VICU Token can function as a common payment globally, easing the friction of international payments currently found in cross-border remittances and global transactions and trade. VICU Token essentially could remove cross-border transaction fees, allowing commerce and trade to occur more fluidly. This improvement alone to the current system could unlock billions in foreign exchange fees.

ADOPTION BY CONSUMERS

One day, large populations of consumers may look to VICU Token to serve as their primary currency specially the unbanked or those dealing with large fees to move currencies.

Technology

VICU Tokens are purposely designed with simplicity in mind. In exchange for \$1 USD, 1 VICU Token is issued. Similarly, on the redemption side, 1 VICU Tokens can be redeemed for \$1 USD. The exchange will always be one-to-one. Because of this simplicity, the whole system can be written as a basic smart contract, ensuring that it operates under these rules in a programmed way.

(The token today lives on the Ethereum blockchain, but we can see potential value in a blockchain-agnostic future.)

As a smart contract on the Ethereum blockchain, VICU Tokens follows the ERC-20 protocol. Ethereum is a decentralized blockchain-based ledger that supports smart contracts; with over 100,000 smart contracts, Ethereum is the most widely-used digital asset platform. A smart contract is a combination of data (e.g., a table of account balances) and programmed procedures for working with that data (e.g., a programmed procedure for transferring balances between accounts). Both the integrity of the data and the fidelity of procedure executions are ensured by the distributed consensus protocol of the underlying Ethereum blockchain.

ERC-20 tokens are Ethereum smart contracts that follow a standard protocol for representing custom "tokens" on the blockchain. Specifically, the contract must declare basic token characteristics (name, symbol, decimal precision), track the total number of tokens, track a token balance for each Ethereum address, and permit address owners to transfer portions of their balance to other addresses.

Because VICU Tokens follow the standard ERC-20 protocol, most Ethereum-supporting exchanges and wallet applications already have built-in support for viewing and transferring VICU Tokens. While the initial issuance of a token and redemption of tokens for VICU Token occur through VICU Exchange, we expect a future where VICU Tokens can be traded in any other exchange.

The VICU TokenERC-20 contract code because of the simplicity of the one-to-one model, VICU Token can be represented in a simple, readable smart contract. Independent third-party smart contract security audits give assurance that the implementation is sound and secure.

VICU's main goal is to achieve Blockchain's security while providing seamless and cashless payment solutions for microtransaction; hence we made a few changes in the core Ethereum blockchain to make it fast and secure as well for VICU users.

- We reduced GAS price to 0 hence making all the transaction fundamentally free of cost.
- Reduced blocktime to 1 second, making it faster for real life use cases.
- Only few authorized miners allowed to mine

TRANSACTION MONITORING AND SURVEILLANCE

Because VICU Token is built on the Ethereum blockchain, it is also possible and easy for anyone to review the entire history of transactions on the chain.

SUMMARY

In summary, the benefits of an ERC-20 contract on Ethereum are:

- The security and availability offered by one of the largest global blockchain networks (Ethereum)
- Broad adoption by digital asset stakeholders such as exchanges, digital asset organizations, institutional investors and retail users
- A relatively simple and familiar smart-contract pattern
- Publicly verifiable token supply, account balances and on-chain procedures

CONCLUSION

VICU was designed to solve the crucial problem of stable exchange of value in the Ethereum ecosystem and the wider blockchain economy. We believe that the mechanism through which Dai is created, transacted, and retired, along with will allow for self-interested users to maintain the price stability of VICU over time in an efficient manner.

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