

# White Paper



## Decentralized Escrow

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«Decentralized Escrow»

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# Table of Contents

<b>1. Concept and Mission</b> .....	2
<b>2. Terms and Definitions</b> .....	3
<b>3. What the DES token is</b> .....	4
<b>4. Descrow platform underlying principles</b> .....	5
4.1. Key aspects of the platform .....	5
4.2. Ways of platform applicability .....	6
4.3. Smart-contract .....	7
4.4. The platform operation scheme for Backers .....	8
I stage .....	8
II stage .....	9
III & IV stages .....	10
4.5. Offer on frozen token transfer .....	11
4.6. Offer to acquire the frozen tokens .....	12
4.7. The platform operation scheme for startups .....	13
4.8. Opportunities provided by the platform .....	14
• for Backers .....	14
• for Startups .....	14
• for Community / Cryptocommunity .....	15
<b>5. Pre-ICO and ICO of Descrow platform</b> .....	15
5.1. Pre-ICO .....	15
5.2. ICO .....	15
5.3. Tokens distribution upon ICO completion .....	16
5.4. Bounty-campaign .....	16
5.5. Lock-up period .....	16
<b>6. Financial matters</b> .....	16
6.1. Project earnings .....	16
6.2. Platform commission .....	17
6.3. Reserve fund .....	17
6.4. Auction of startups' tokens .....	17
6.5. Option for indemnification .....	18
6.6. Win-win lottery .....	18
6.7. Retrobonus .....	18
<b>7. Roadmap</b> .....	18
<b>8. Funds allocation scheme</b> .....	19
<b>9. Legal matters</b> .....	19
9.1. Token Status .....	19
9.2. White Paper Status .....	19
9.3. Risks associated with the Ethereum protocol .....	20
9.4. Risk of losing access to DES tokens due to loss of private key .....	20
9.5. Taxes .....	20
9.6. Intellectual property .....	21
<b>10. Project Team</b> .....	21
10.1. Top Management .....	21
10.2. Advisors .....	21
10.3. Partners .....	21



# 1. Concept and Mission

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«Trust each other again and again. When the trust level gets high enough, people transcend apparent limits, discovering new and awesome abilities of which they were previously unaware.»

David Armistead

Most commercial relations between people involve intermediaries. Their services make the transactions more complicated, time consuming and less cost effective, while connected with the risks of becoming subject to scam and manipulations. As a result, people make attempts to minimize the risks, avoid fraudulence and negligence. Blockchain today is one of the possible solutions for the problem of intermediary's involvement as well as a way for the creation of trusting relations. Blockchain – decentralized, distributed data base, which substitutes all the agents. As a technology and a concept of the relations the blockchain is a core of any and all ICOs, where the new projects and business ideas raise the finance.

As of September 2017 the total amount of investments into ICO have already passed the 3 billion US dollars' point. Hundreds of projects raise thousands and millions in minutes. At the same time the existing blockchain market has flaws, the main of which is that all cryptocurrencies are accumulated by the startups. Paying all the funds immediately, backers, as a common practice, lack the possibility to influence their investments in further. For that reason, the risk that unscrupulous fundraisers will appropriate the investors' money and disappear upon ICO completion is relatively high. Another risk – the startups which overestimate their strengths or underestimate the necessary finance. These startups who use up all the received funds, realize their inability to go on with the project implementation. To ascertain every team's clear intentions and business model efficiency is virtually impossible.

Descrow is a platform, built on the Ethereum smart-contracts, that using principles of decentralization, escrow and voting, allows backers to control spending of the raised finance.

Our project mission is to make ICO the less risky way of investments and eliminate the excessive distrust of the potential backers to the new startups, giving a boost to the further ICO market growth. Descrow will help the project to become more cost effective.

The Descrow's potential is not limited only by the ICO. The prospective use of our project goes far beyond the market of crypto-currencies and tokens. Being the versatile instrument based on the global principles Descrow is applicable to any and all blockchain founded fields, ventures and ideas which place importance on the trust and ability of control.



## 2. Terms and Definitions

<b>Backer</b>	actual or potential holder of Token or Digital Asset.
<b>The Account («wallet»)</b>	a piece of software, located online or at private desktops granting to the user via a private key an access to the digital assets and token he owns.
<b>Startup</b>	1) a project for the new idea implementation expecting the finance; 2) the managing team of project
<b>Token, Digital token</b>	digital asset, vesting the Backer with the authority to dispose the services and the rights, attached to and representing it.
<b>Descrow</b>	blockchain based decentralized escrow platform, which allows to Backers to decide on project financing by means of decentralized voting.
<b>DES</b>	token of the Descrow platform.
<b>DEST</b>	Pre-ICO token.
<b>DESP</b>	private sale token.
<b>Roadmap</b>	calendar or incremental plan of project implementation.
<b>Bounty-campaign</b>	remuneration system, adopted by project team, aimed at project promotion in social networks and special forums.
<b>Retrobonus</b>	system for remuneration of successful startup achieving high efficiency levels.
<b>Fiat</b>	currency issued by government and unsupported by gold.
<b>Digital asset</b>	digital units based on decentralized ledger using the distributed computer network.
<b>ICO</b>	Initial Coin Offering among the Backers.
<b>Ethereum</b>	platform for creating decentralized online services using smart contracts based on blockchain.
<b>ETH</b>	unit of the Ethereum platform.
<b>Smart contract</b>	electronic algorithm describing a set of conditions, fulfillment of which leads to certain events in real life or in digital systems.
<b>Tranche</b>	technical transaction.



- Voting** a procedure for collecting the opinions of Backers on implementing startup.
- Crowdfunding** is the practice of funding a project or venture by raising monetary contributions from a large number of people.
- Option for indemnification** acquired for a consideration Backer's right for indemnification of the amounts transferred to startup during ICO. Option shall not be deemed a security under any jurisdiction.

### 3. What the DES token is

The key element of the Descrow platform is DES – Decentralized Escrow token – the asset based on ERC20 standard. The tokens are available for purchase through the personal account when the user registers on the platform by means of the internal account («wallet») of the platform or Ethereum wallet (Mist <https://ethereum.org> or MyEtherWallet <https://www.myetherwallet.com>).

DES token sale:	[c 29.11.2017r., 15.00 UTC no 27.12.2017r., 15.00 UTC] - will keep you posted on our website
DES Initial price:	1 DES = 0.001 ETH
Hard cap of ICO:	66,666 ETH (~66,666,666 DES)
ICO token price at the closing (Initial blockchain floating price):	1 DES = 0.00175.

All non-distributed ICO campaign tokens will be burnt.

The token price will be subsequently determined by supply and demand.

Short-term value appreciation could be determined whether by excess of ICO demand over hard cap or simultaneous start of ICO projects on the Descrow platform.

Long-term value appreciation of the token will be provided by:

- increase in demand of internal currency caused by number of transactions growth;
- number of partners' growth and product range expansion resulting from scope of available services broadening;
- active DES token usage for platform's internal services acquisition, blockchain floatation and other personal purposes of token holders;

- win-win lotteries.

Benefits of the DES token for its holders:

- right to participate in quarterly win-win lottery;
- right to claim the 30% discount of the platform's services price;
- possibility to transfer the frozen tokens to other Backers.



## 4. Underlying principles of the Descrow platform

- Secured collection, storage and distribution of the funds and avoiding of unforeseen losses.
  - Mitigation of risks, avoiding and elimination of unforeseen factors and/or circumstances by means of Backers' active involvement into project development.
  - Voting as a way of evaluation of the feasibility of the project on every stage.
  - Focus on a customer, simplicity of interaction between investors and startup with possibility to affect the final product.

### 4.1. Key aspects of the platform

- Descrow can be integrated into third party platforms. This means that any token issuing blockchain project will have a possibility to use the Descrow solution for IPO by means of integration of Descrow features.
  - The Descrow features are provided via either desktop clients written for all major OSes (Microsoft(tm) Windows, MacOS and Linux) or mobile app (for Android, iOS and Windows Phone).
  - The only way for the user and startup to participate is a personal account providing features covering all the platform options and goals including a personal wallet with an ability to keep the funds and make the payments.
    - Personal account provides the user with the ICO project list, the option to choose any project for discussion, participation and/or investments making.
    - The user deposits the multicurrency wallet by either of two ways: 1) transfers of ETH from other wallets via the personal account, 2) purchases of ETH for other digital asset or fiat using a credit card.
      - The multicurrency wallet is able to keep different currencies compatible with wallet, provided by the Desktop version.
      - DES can be exchanged into other tokens or digital assets on third party exchanges.
      - The tokens are purchased within the personal account by means of smart contract.
      - The platform does not keep the Backer's means of payment.
      - Smart-contract existing on Descrow platform allows to the startups the operation of their own tokens.
        - As soon as any Backer gets into ICO he becomes entitled to 4 entities: active tokens, frozen tokens, reserved ETH and vote.
        - Frozen and active tokens, reserved ETH are inter-related, i.e. upon discharge of reserved ETH the frozen tokens total amount is decreased by relevant amount of tokens which are converted into active tokens.



- For the purposes of additional security, the Backer is solely and exclusively entitled to the entities.
  - Startup tokens, comprising the voting rights, can be obtained only through personal account («wallet») of the startup, chosen by the Backer, and only prior to ICO completion.
  - If Backer needs to unblock reserved funds he is entitled to initiate the transfer of the frozen tokens related to that startup and reserved in his name to the other Backers to the other Backers on the Descrow platform, with the terms he defines himself.
  - The Backers present on the Descrow platform are entitled to solicit through their personal accounts the other Backers on purchase of the frozen tokens allotted to those Backers.
  - Tokens allotted to startup's team are not entitled to vote, do not participate in the voting procedure and do not have an effect on the Backer's decision until the startup's roadmap fulfilment.
  - Startup's financing on the platform is split into several stages (not less than two), and subject to the startup's roadmap. Should the startup's team fail to fulfil their obligations, the Backers with their votes are entitled to cancel the further transfer of funds. Backers are entitled to make the project financing in full extent at any time, getting at the same time all the chosen amount of startup's tokens.
  - The platform will provide the reserve fund of the 1st tranche, designated for guaranteed return of Backers' funds and other purposes.
    - In case of a startup closing at the 1st stage the amount of not more than 30% of his initial payment will be returned to the Backer, and the sum will be determined individually on the project basis. Backer personally and in exchange of consideration can acquire option for indemnification of the full amount provided by him within ICO of the specific startup.
    - If the Backer doesn't make any decision, within the terms provided for the voting on the project procedure, he obtains the «passive Backer» status, and his voice counts as «YES».
    - The platform allows to determine any threshold for voting in percentage (from 50.01% up to 100%), which will affect the result of making decision.
    - The platform provides the startups with applications for referral programs and bounty campaigns building, that serve an additional means of Backer's attraction.
    - Successful startup will be rewarded by the Retrobonus.

## 4.2. Ways of platform applicability

- Using the platform for ad hoc decision making or voting.
- Using the platform as constantly existing forum for making the decisions on the regular basis, for shareholders voting etc.
  - Using the platform as a standalone environment with the Decentralized Escrow capabilities for project placement and investments.
    - Development of the world's first specialized Descrow blockchain for conducting ICOs enhanced by automated funds splitting mechanism powered by artificial intelligence and neural networks.
    - Creating the exchange for ideas. Rollout the scheme of voting when the investors through their personal accounts can make startups from ideas.



## 4.3. Smart-contract

The Descrow smart-contract is a computer transaction protocol based on the Ethereum platform and designated for the general contract conditions (payment terms, confidentiality, enforceability), which excludes willful and unintentional losses, minimizing the demand in intermediaries. The smart-contract's goal is the minimization of losses resulting from scam, subsequent litigation expenses and transactional costs.

The Descrow smart-contract generates 4 entities:

- «active tokens», that allotted to the Backer upon making the payment to the startup both within ICO and on further stages of financing;
- «frozen tokens», that are converted into active at the specific project stage;
- marked payment means, interrelated to frozen tokens, awaiting the transfer pursuant to the roadmap of the respective startup;
- votes, corresponding to the total number of tokens chosen by the Backer and counted at making decisions preceding subsequent stages of specific startup financing.

For maximum security Descrow doesn't keep the payment means on the smart-contract. They are kept on the newly created and exclusively controlled by the Backers wallets.

The smart-contract allows to the startup establishing of terms and conditions for startup's token issuance (number and name of tokens, decimal places, exchange rate), referral bonus for incentivizing the Backers to join their project.





## 4.4. The platform operation scheme for Backers

Ensuring the protection of assets and the prevention of unforeseen losses are the main goals of the Descrow platform, for that reason the startup financing is split up into the stages. Below the example of platform operation scheme based on the 4 stages is provided.

### I stage

The Backer registers a personal account and obtains the unique address with the digital key which only he owns. The key is generated using random numbers technology (mouse movement on the screen, pressing the keyboard, etc.).

Further the Backer chooses the startup and the number of tokens he intends to purchase («Acquired tokens»), transfers the funds in amount of 100% Acquired tokens price («Purchase price») from his own personal account, and by these actions initializes the smart-contract.

As soon as the smart-contract was initiated, the first part of Purchase price is fixed for the next transfer to the startup. At the same time 4 entities are generated by the smart-contract in the personal account:

- reserved funds designated for the further stages;
- «frozen» tokens, corresponding to reserved funds;
- «active» tokens, corresponding to the initial tranche;
- the voting rights.

Upon accomplishment of finance raising within the ICO, the initial tranche, kept by the smart-contract, is transferred to startup.

Backers on their discretion make a decision on the proceeding to the further financing stage. To ensure this the startup's team places on the platform within the time limits specified by the startup's roadmap all necessary links and reports on the work done etc.

Backer gets a notification into the personal account and by e-mail. Notification reminds on voting regarding the further tranche. Upon request the Backer can receive the notification via social media.

Backers review the documents within five days, make decision to continue the project financing and vote as follows:

- «YES» - the further tranche is transferred to the startup;
- «NO» - the remaining funds of Backer are released.

For the voting purposes in the Backer's personal account the following buttons become active:

- «Accept work» that means «YES»;
- «Vote for the payment cancellation to the startup» that means «NO».

When the Backer chooses the second option he is requested to fill the feedback form stating the reason of his decision. This feedback, if funding is not cancelled by Backers' decision, makes possible the improvement of startup project, consider mistakes and correct them.

The buttons for voting will not become active in the personal accounts of Backers, who transferred the total Purchase price to the startup. These Backers, and Backers, who hadn't voted within the allotted time, should be considered as pressed the «YES» button.

The decision in the voting is made by a majority of votes (by Backers, who has more than 50.01% of the project in the total). Backers vote with all available votes which correspond to the number of Acquired tokens. If the Backer has already disposed of tokens by his discretion (for blockchain floatation etc.), the decrease in number of votes will correspond to the changed number of active tokens. If the Backer transferred all his tokens, he loses the right to vote and doesn't participate in voting. The number of votes may vary at any stage of startup financing.

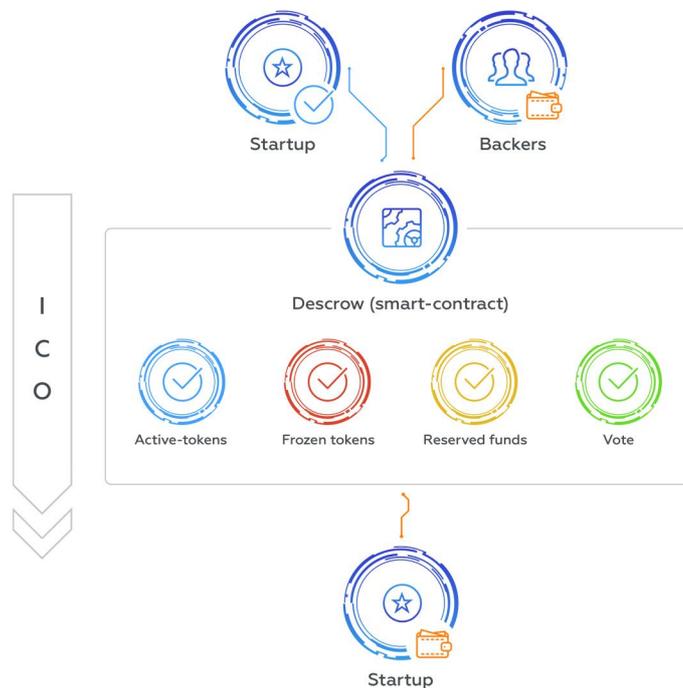


The voting may have the following results:

- the Backers decided to keep financing. In this case the startup moves to the next stage.
- the Backers decided to cancel the financing. In this case the smart-contract writes off the frozen tokens in the personal account and transfers them to Descrow platform as well as deletes the mark «reserved» from the respective part of Purchase price.

When the Backer decided to cancel the financing on the 1st stage of voting, he receives an individually determined fixed amount from the Descrow reserve fund but not in excess of 30% of the Purchase price corresponding to the 1st stage of startup financing, unless the Backer has purchased the Option for indemnification.

The end of the 1st stage also means the startup's ICO completion. At this moment the financing splitting into the stages starts.



### II stage

The next stage of financing begins upon the voting period expiry (5 days) and making the decision by 50.01% of votes and more.

The transfer of the subsequent part of Purchase price becomes available in the personal account. At the same time the smart-contract keeps processing 4 entities and acts as follows:

- the part of Purchase price, determined by the startup's roadmap, is transferred for the current stage financing. The part of reserved funds is decreased by the same amount;
- the number of active tokens is increased by the amount corresponding to the part of the Purchased price transferred within current stage;
- the number of frozen tokens is decreased by the amount of active tokens increase;
- the votes remain unchanged.



Stage of financing



The smart-contract doesn't process the entities allotted to the Backers, who didn't vote and didn't make any decision. The personal account of these Backers are suspended until the next log in. As soon as the Backers get into the personal account, smart contract resumes its work. The tokens of the Backers, who didn't vote on every startup financing stage, will remain inactivated.

Similarly to the 1st stage startup's team places all necessary documents, links, reports on work done etc. on the platform within the timeline determined by startup's roadmap.

Voting period, procedure and results at the 2nd stage are the same as at the 1st stage.

When the Backer decided to cancel the financing he doesn't receive any amount from the Descrow reserve fund, unless the Backer has purchased the Option for indemnification.

In this case the smart-contract writes off the remaining frozen tokens in the personal account and transfers them to Descrow platform as well as deletes the mark «reserved» from the respective part of Purchase price.

### III and IV stage

III and IV stages in general have the same scope of actions as the II stage: the Backers make the payment and receive active tokens, number of frozen tokens and amount of reserved funds decrease; smart-contract conducts all necessary actions.

The only fundamental difference of the IV stage is that the Backers do not make any decisions at the final stage as the entire project finance has been already made at this stage. Upon transfer of the last part of the Purchase price, the smart contract deletes from the Backer's personal account the entities related to the specific startup. When the financing ends the Backer gets 100% of unmarked Acquired tokens.

Final Stage of Financing





## 4.5. Offer on frozen token transfers

Backer, who participates in the specific startup and who is in a need to unblock partially or in full the Purchase price marked as «reserved» by Descrow smart-contract, is entitled to initiate the transfer of the frozen tokens related to that startup and allotted to this Backer to the other backers participating in the same startup or the third parties:

1. Backer in the relevant section of his personal account fills in the solicitation to transfer the frozen tokens reserved in his name, which represent the offer on transfer of these tokens («Offer»). The Offer has to include the following information:

- the number of frozen tokens, that Backer solicits;
- the amount and value of consideration for the solicited frozen tokens or condition of compensation-free transfer;
- other terms and conditions, that Backer finds appropriate.

2. Upon the backer sending the Offer the smart-contract places it in the relevant section of the Descrow platform «Active Offers». Other Backers participating in the startup or other registered on the Descrow platform Backers (jointly «Offerees»), having an interest in receiving the frozen tokens, after Offer reviewing, can reply by pressing the button «Accept the Offer». This Offeree's reply represents an acceptance of the Offer. When several Backers replied to the Offer, the frozen tokens will be transferred to the first replied Backer. The Offerees are obliged to ensure that their personal wallets contain ETH or other digital assets in the amount corresponding to the number of solicited tokens available for the reservation. The Offerees who didn't ensure the availability of ETH or other digital assets are not allowed to accept the Offer.

3. Offerees are entitled to make a counteroffer regarding the condition of frozen tokens transfer. For this purpose prior to pressing the button «Accept an Offer» they fill in the relevant form the conditions they suggest instead of those the Offer comprise, including the number of frozen tokens.

4. When the counteroffer wasn't made in Offer acceptance transaction the smart-contract of Descrow platform will run all necessary actions connected with frozen tokens transfer automatically. When the counteroffer is made interference of the Backer sent the offer is required. If he accepts the counteroffer, he needs to press the button «Accept», giving the smart-contract instruction to run.

5. Upon Offer acceptance the smart-contract acts as follows:

- in the offering Backer's personal account:
  - decreases the startup's frozen tokens reserved in his name;
  - unblocks the part of the Purchase price corresponding with the number of transferred frozen tokens;
  - decreases the amount of votes subject to remaining total number of frozen tokens reserved in his name;
  - leaves entity «active tokens» unchanged;
- when the Backer transfers all the frozen tokens of specific startup reserved in his name, deletes from Backer's personal account the entities related to that startup. This results in Backer leaving the startup project. At the same time Backer remains the owner of the active tokens he previously acquired.
  - in the personal account of frozen tokens receiving Offeree, the Backer participating in the same startup:
    - increases the startup's frozen tokens reserved in his name;
    - marks as the «blocked funds» the additional payment means of that Backer in the amount corresponding to the number of transferred frozen tokens, and increases the total amount of blocked funds;
    - adds the transferred frozen tokens to the entity «frozen tokens» and increases the total number of frozen tokens reserved in his name;
    - adds the additional votes to entity «votes» corresponding to the increase in number of frozen tokens reserved in his name;
    - leaves entity «active tokens» unchanged;



- in the personal account of frozen tokens receiving Offeree, the Backer on the Descrow platform:
  - creates 4 entities based on the principles of Descrow platform;
  - adds the transferred frozen tokens to the entity «frozen tokens»;
  - marks as the «blocked funds» the payment means of that Backer in the amount corresponding to the number of transferred frozen tokens;
  - adds the votes to entity «votes» corresponding to the total number of frozen tokens reserved in his name;
  - leaves entity «active tokens» with the zero balance.

The transfer of startup's frozen tokens is subject to a commission in the amount of 10 DES paid by the Backer. The amount of commission doesn't depend on the number of transferred tokens and will be revised on the regular basis. The commission is charged upon the frozen tokens transfer.

Descrow platform acts as guarantor and arbitrage in the frozen tokens transfer.

## 4.6. Offer to acquire the frozen tokens

Similarly to the procedure described above, startup's Backers or other Backers on the platform can claim their intention to acquire the frozen tokens of the startup they have an interest in accordance with the following procedure:

- In his personal account fill in the solicitation to acquire the frozen tokens of the specific startup, reserved in the name of other Backers, comprising the number of tokens, amount of consideration and other appropriate terms and conditions;
  - The smart-contract places the information on such solicitation in the relevant section of the Descrow «Active Offers»;
  - Startup's Backers reply by pressing the button «Accept an Offer». When several Backers replied to the Offer, the frozen tokens will be transferred from the first replied Backer.

Similarly to set above in the section «Offer on frozen token transfer» startup's Backers are entitled to make a counteroffer;

- As in the case with Offer specified in the section «Offer on frozen token transfer», the smart-contract runs differently – depending on counter offer existence;
  - Upon receipt of frozen tokens by Backer and depending on whether he is in the same startup or not, the smart-contract either makes changes into the entities allotted to this Backer in connection with specific startup or creates new entities and acts the same way as specified in section 4.5: «Offer on frozen token transfer».

Backer who made the solicitation to acquire the specific number of the frozen tokens is obliged to ensure that his personal wallet contains ETH or other digital assets enough for the reservation correspondingly to such number of frozen tokens.

The Backer intending to acquire the startup's frozen tokens is charged with the commission in the amount of 10 DES. The amount of commission will be revised on the regular basis. The commission is paid upon the frozen tokens receipt.



## 4.7. The platform operation scheme for startups



The startup that intends to conduct an ICO using the Descrow platform registers the personal account and obtains, as the Backers do, the unique address with the digital key generated using random numbers technology. The startup uploads to its personal account the documents and information the startup's team considers reasonably necessary for presentation to the Backers. In addition, the startup will keep posted the Backers on news regarding the project.

One of the key requirements stipulated by the Descrow platform is development and presentation of the roadmap by the startup.

The roadmap must include:

- duration of project;
- stages of intended works;
- scope of works to be fulfilled at every stage;
- amount of funds required for every stage completion (in percentage of the aggregate amount).

During project implementation and upon receiving the feedback from the Backers, subject to conditions set by Descrow platform, the startup can alter its roadmap.

Tokens of startup designated for allotment to the Backers are issued in the amount pursuant the roadmap, placed, bear the voting rights and can be transferred only out of the startup's account («wallet») and only during ICO. Upon ICO completion, the tokens cannot be transferred to the Backers' personal accounts, unless the Backer has acquired the tokens beyond the finance.

For project purposes while conducting ICO the startup can get DES tokens by the following means:

- acquires in exchange of ETH or other digital assets or fiat as may be accepted by the platform;
- converts its own tokens into DES tokens.

Upon receipt of the funds from the Backer the startup transfers the tokens to his personal account in amount corresponding to 100% of funds. The transfer of payment means and tokens is made by stages, pursuant to startup's roadmap.

Prior to completion of every stage and as scheduled by the roadmap, startup's team uploads reports and documents on works done to the platform for Backers' approval to proceed to the next tranche transfer.

In addition, as a feedback comes from the Backers, the startup gathers voting statistics as well as recommendations and opinions.

The startup is entitled to set the delay in works of every stage fulfillment. To prevent the startups from abusing this possibility the platform adopts the following limitations:

- overall delay of the project cannot exceed 6 months;
- only 1 delay per project's stage is possible;
- for any single stage delay of its roadmap the startup is subject to the commission in the amount of 2 (two) % of the funds received within the respective stage.



## 4.8. Opportunities provided by the platform

### for Backers

- To supervise the project

Subject to the Descrow platform requirements the startups are obliged to provide on a regular basis the necessary documents, links, reports and other information regarding the works performed which gives the Backers a possibility to be informed on the project development via personal account, e-mail or social networks.

- To influence the project development

The Backers' feedback to the startup provides a way to ensure the project and its outcome improvement, to make the suggestions and recommendations via personal accounts, to correct the errors and deficiencies beforehand. In addition, the Backer who decides to stop the further startup financing is able to fill in the feedback application form where he specifies the reason of his decision.

- To ensure preservation and guaranteed return the funds invested in project

Independence of Descrow platform accounts («wallets») ensures that regardless of unforeseen events and circumstances occurrence on the specific startup or the entire platform the Backers' funds are preserved.

The reserve fund made up of the part of ICO raised funds and the platform commission ensures that the Backers who suffered the theft of funds of initial tranche get the compensation. The compensable amount is determined proportionally to tokens total number of scam or fraud-project and will not exceed 30% of the funds Backer has lost.

When the startup fails to comply with its obligations or unreasonably disrupts the project timeline the return of all reserved investments is guaranteed as well.

Financing split into stages is the underlying principle of Descrow work platform as contrasted with any ICO not using Descrow where all the funds are immediately transferred to the team and the process lacks the possibility to influence the funds usage.

The scheme of individual voting on every stage ensures the protection of the Backer from funds loss when he decides to cancel the finance on any stage.

- To transfer the frozen tokens

The Backers participating in the specific startup are entitled to transfer the frozen tokens via their personal accounts for a consideration or otherwise. The certain startups may limit such possibility.

- To use the control of investments efficiency

The Descrow platform acts as the instrument for sufficiency assessment of funds required for the startup's roadmap fulfillment on each stage. The stages of the project allow the Backer to evaluate the financial outlook of either project and to make the decision on whether to continue or cancel financing. The Backer, with this option, obtains the possibility to invest the funds as feasibly as possible.

### for Startups

- Express feedback

The startup getting the feedback from the Backers' personal accounts will be immediately aware how they react both on every single project stage and on the startup's campaign in whole.

- Expert opinions for project improvement

The professional Backers (investors) can from time to time become startup's Backers, as well as the experts in the specific areas to which the specific startup belongs. Both professional Backers and experts supervising the project can provide their expert opinion regarding the project flaws and the ways of improvement as they concern with the success of the project.

- High chances of project implementation

The startup when gets suggestions, comments, recommendations and opinions from the Backer can make changes into, correct the flaws and mistakes in the project implementation. The project's improvement will ensure that its stages are accomplished timely and in full extent.

- Assured finance of the successful project

With working feedback the extent of Backers' confidence in the project will grow and the interest will strengthen causing increase in the raised finance.



- Sufficiency of financing for project implementation

Splitting the funds up in proportion to the project stages will allow the startup's team reasonably assess the sufficiency of every stage finance. The team will be able to realize whether the funds raised are sufficient for the project implementation or not prior to completion of all stages.

- Financing on time

The platform ensures that the project receives the finance on time.

- Incentive measures

The Descrow platform provides the allowance named Retrobonus for successful startups.

**for Community / Cryptocommunity**

- New mechanism of security

Currently Descrow is a unique product. No similar systems, mechanisms or platforms, which provide the high level of security both for Backers and for other blockchain market participants, exist.

- Making the market healthier

Integration of Descrow into cryptomarket will significantly decrease the amount of scam activity by unscrupulous startups. Overall trust level within the market will grow and the efforts will be aimed at further development instead of enhancing the security.

- Investments attraction both to crypto- and crowdfunding industry

Criteria of assessment and risk management provided by Descrow will increase cryptomarket transparency and attract the major players who concern about trust matters and prefer the conservative investing.

- Improvement of overall business culture in the virtual environment

Descrow features high extent of applicability and great integration into other projects capability. Vast acceptance of Descrow by the market will eventually result in unification of business practice and improvement of business culture of blockchain investments market.

## 5. Pre-ICO and ICO of Descrow platform

### 5.1. Pre-ICO

Token Pre-ICO: DEST  
DEST token price:

Primary goal:  
Pre-ICO hard cap:  
Pre-ICO-period:  
Pre-ICO outcome:

DEST.  
1 ETH= 1,000 DEST;  
1 DEST = 0.001 ETH.  
500,000 DEST = 500 ETH.  
1,500,000 DEST = 1,500ETH.  
27.08.2017r. - 01.10.2017r.  
1,111,880,64 DEST = 958.15ETH.

### 5.2. ICO

ICO token:  
Number of tokens:

Token conversion rate:  
Private sale tokens bonus:  
Pre-ICO tokens bonus:  
ICO start date:

DES.  
shall correspond to the amount not less than 66,666 ETH  
(~66,666,666 tokens).  
1 DEST = 1 DESP = 1 DES.  
1 DEST = 1 DES + 50%.  
1 DESP = 1 DES + 50%  
[15.00 MSK 29.11.2017] - will keep you posted on our website.

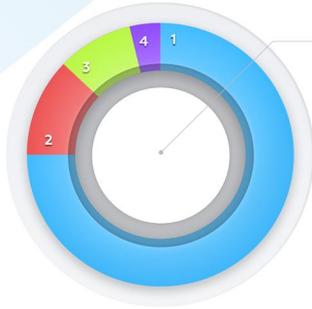
ICO completion date:  
ICO minimum cap:

[14.59 MSK 27.12.2017] - will keep you posted on our website.  
3,500ETH.

Price of placement varies depending on week of ICO:

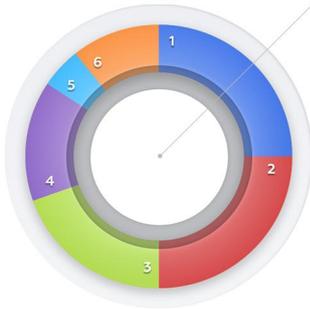
1st week: 1 DES = 0.001 ETH.  
2nd week: 1 DES = 0.00125 ETH.  
3d week: 1 DES = 0.0015 ETH.  
4th week: 1 DES = 0.00175 ETH.

In case of ICO minimum cap non-achievement all funds will be returned to the Backers.



**5.3. Tokens distribution upon ICO completion**

- 1. 75% – reserved for Pre-ICO and ICO Backers;
- 2. 15% – reserved for the team;
- 3. 7% – reserved for the advisors;
- 4. 3% – bounty-campaign.



**5.4. Bounty-campaign**

3% of the total number of tokens will be distributed for the bounty-campaign.

Tokens of the bounty-campaign distribution structure:

- 1. Signature campaign – 25%;
- 2. Social media: Facebook and Twitter – 25%;
- 3. Blog articles and videos campaign – 20%;
- 4. Translation – 15%;
- 5. Telegram – 5%;
- 6. Miscellaneous bounty – 10%;

**5.5. Lock-up period**

The platform imposes restrictions on DES token blockchain floatation for the period of 1 month (30 calendar days) for the following tokens:

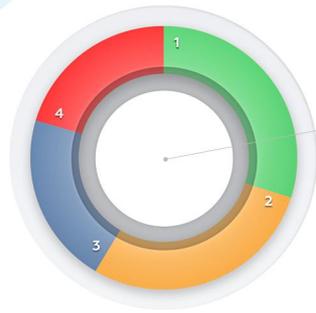
- Tokens of the team;
- Tokens of advisors;
- Tokens of the bounty campaign.

## 6. Financial matters

**6.1. Project earnings**

The project earnings comprise of:

- individually fixed commission, applied to the startup depending on the amount of specific tranche;
- commission, applied to the Backer, who offers to acquire frozen tokens of startup reserved in his name;
- commission, applied to the Backer on the Descrow platform, who interested in acquiring of frozen tokens reserved in the names of other Backers;
- income from the administration of reserve fund;
- cost of additional services provided by the platform;
- fee applied to the startup for changes in roadmap of this startup;
- additional charge for the using of reserve fund to cover the startup’s liquidity gaps resulting from Backer’s inactivity while the further stage has affirmative votes;
- proceeds from startups’ tokens Auctions;
- consideration for the Option for indemnification of all amounts transferred to startup, and are distributed as follows:
  - 30% – operational activity;
  - 30% – quarterly win-win lottery for DES token holders;
  - 20% –replenishment of reserve fund;
  - 20% – buying out with subsequent tokens burning that results in the raise of appeal and growth of demand for DES tokens.



**Sales**

- 1. Operating activities, 30%
- 2. Lottery, 30%
- 3. Reserve Fund, 20%
- 4. Buying out, 20%

**6.2. Platform commission**

The use of Descrow is subject to commission. Commission applies to the startup and is paid upon the transfer to the startup of funds aimed at its financing. The amount of commission is determined using a progressive scale, depending on aggregate amount of funds received from the Backers, but in any case shall not exceed 1.5%. The startup is not subject of any further costs. The Backer, in this case, is not charged.

**6.3. Reserve fund**

Reserve fund is a complementary service of the Descrow platform used for risk of loss of Backers' funds minimization. The reserve fund is made up of Descrow ICO funds and replenished by part of the commissions paid by the startups in the amount of 10%. The composition of the fund is determined by the payments means transferred to the startup: DES tokens, ETH and other digital assets compatible with the platform as well as fiat. The aggregate amount of reserve fund is evaluated in US dollars. The initial value of the reserve fund is converted into US dollars at the exchange rate set as at the date of its creation by combining the values of digital assets it consists of, and fiat.

The effective management will result in income generation and further the increase of its size. Income of the reserve fund consists of:

- increase in the exchange rate of digital assets;
- return on investments made into the profitable campaigns conducted on Descrow platform and other ICOs held on various platforms.

Reserve fund is used:

- to pay the compensations to Backers in the amount:
  - determined individually, but not in excess of 30% of the initial payment in case of startup cancelation at the stage of ICO;
  - of 100% of the initial payment in case of Option for indemnification disclosure;
- to cover the temporary liquidity gaps by the startups in exchange of extra commission;
- to invest into other projects, receiving the income from operation considered Descrow platform earnings;
- to trade on the third-party exchanges, receiving the income from operation considered Descrow platform earnings.

**6.4. Auction of startups' tokens**

Descrow platform pays the compensations to the startups' Backers using the reserve fund and gets the respective startups' tokens as the consideration. To prevent unnecessary tokens accumulation the platform conducts the Token auctions, where it sells these tokens. All Token auction proceeds become the earnings of platform.



### 6.5. Option for indemnification

As complementary services provided for consideration the Descrow platform offers the Option for indemnification.

Each Backer, when makes the 1st tranche within ICO of the specific startup, is able to purchase the Option for indemnification. Pursuant to the Option, in case of premature project closing within ICO and on or before the 2nd tranche transfer according to the roadmap of specific startup, the Descrow platform assumes the obligation to pay to the Option's holder 100% of funds he transferred within ICO. The Option value is determined individually and depends on amount of funds transferred within ICO, but will not be less than 5%. Option for indemnification cannot be assigned to the third parties.

### 6.6. Win-win lottery

A win-win lottery is organized on the regular basis, once a quarter. Backers, who are DES tokens holders, will be proposed to show some activity or take any action regarding to Descrow platform or other matters. List of such actions will be available in the special section of Backers' personal accounts immediately prior to the day of respective lottery. The platform via the smart-contract pays the prize for fulfilment of any activity. Prizes are paid in ETH.

### 6.7. Retrobonus

When the startup implements the roadmap in full extent showing high-level KPI, the platform as an incentive measure grants the Retrobonus to this startup. The Retrobonus is paid out of commission that startup transferred upon receipt of the funds from Backers. The Retrobonus is paid in ETH.

## 7. Roadmap

Both the roadmap and the financing divided into the stages are reasonably required and reflect the startup's team result orientation and viability of the project.





# 8. Funds allocation scheme



# 9. Legal matters

## 9.1. Token Status

For the purposes of this Chapter the «Entity» means any legal entity, body non-corporate and any other person created and existing under the legislation of any jurisdiction whatsoever.

DES tokens to be offered at the Descrow platform are not intended to constitute securities of any kind in in any jurisdiction worldwide whatsoever.

The DES tokens are not intended to be marketed, offered for sale, purchased, sold, or traded in any jurisdiction where they are prohibited by applicable laws or require further registration with any applicable governmental authorities.

DES tokens do not represent a loan to any Entity. The DES tokens are neither debt instrument or bonds of any kind nor any other form of loan advanced to Entity.

Acquisition of the DES tokens, whether through the Token Sale or otherwise, does not grant to token holders any right of claim on any Entity's financial or any other assets.

The DES tokens don't grant participation in any Entity or its assets nor any guaranteed form of dividends, revenue distributions, and voting rights arising from such participation. The DES tokens do not provide token holders with any other form of ownership or other interest in any Entity.

Acquisition of the DES tokens does not present an exchange of digital assets for any form of shareholding in Entity or Entity's assets, including intellectual property.

## 9.2. White Paper Status

This White Paper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction, neither does not pertain in any way to an initial public offering or a share/equity offering.

This White Paper constitutes merely a description of the functionality of the Descrow platform and smart contract and the creation and issuance of DES tokens.

No information in this White Paper should be considered to be business, legal, financial or tax advice regarding Descrow and its respective operations, DES tokens and sale thereof.



You should consult your own legal, financial, tax or other professional adviser regarding Descrow and its respective operations, the DES Token and sale thereof.

No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of the DES token and no digital asset or other form of payment is to be accepted on the basis of this White Paper.

DES tokens are not being offered or distributed to, as well as can not be resold or otherwise alienated by their holders to, citizens of, natural and legal persons, having their habitual residence, location or their seat of incorporation (i) in the United States of America (including its states and the District of Columbia), Puerto Rico, Virgin Islands of the United States, any other possessions of the United States of America, or (ii) in the country or territory where transactions with digital assets are prohibited or in any manner restricted by applicable laws or regulations. If such restricted person purchases DES tokens, such restricted person has done so on an unlawful, unauthorized and fraudulent basis and in this regard shall bear negative consequences.

The DES tokens are neither offered or distributed nor the Descrow platform activities are carried on in any form in Singapore, in the People's Republic of China or in other countries and territories where transactions in respect of, or with use of, digital tokens fall under the restrictive regulations or require to be registered or licensed with any applicable governmental authorities.

Each purchaser of the DES tokens is reminded that this White Paper has been presented to him/her on the basis that he/she is a person into whose attention the document may be lawfully presented in accordance with the laws of the purchaser's jurisdiction. It is the responsibility of each potential purchaser of the DES tokens to determine if the purchaser can legally purchase the DES tokens in the purchaser's jurisdiction and whether the purchaser can then resell the DES tokens to another purchaser in any given jurisdiction.

### **9.3. Risks associated with the Ethereum protocol**

Because DES tokens and the Descrow platform are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the platform or DES tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the DES tokens and the platform, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

### **9.4. Risk of losing access to DES tokens due to loss of private key**

A private key, or a combination of private keys, is necessary to control and dispose of DES tokens stored in user's personal account («wallet») or vault. Accordingly, loss of requisite private key(s) associated with your personal account («wallet») or vault storing DES tokens will result in the loss of DES tokens. Moreover, any third party that gains access to such private key(s) will get an access to login credentials of the personal account («wallet») or vault and will be able to misappropriate such DES tokens.

### **9.5. Taxes**

The amounts paid for DES Tokens are exclusive of all applicable taxes. The purchaser of the DES tokens is personally responsible for determining what, if any, taxes apply to the purchase of tokens, including, for example, sales, value added, and similar taxes. It is also the purchaser's sole responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities. Descrow is not responsible for withholding, collecting, reporting, or remitting any sales, value added, or similar tax arising from purchase of DES tokens.



### 9.6. Intellectual property

The entire project, including the branding, shall be legally documented. Patents will be obtained in the name of the company registered after Pre-ICO.

We are currently working on this with IP PRO law & patent firm: (<http://www.ippro.ru>).

## 10. Project Team

### 10.1. Top Management

1) Segey Besedin – CEO, chief and founder of Descrow, founder of Blockchain Association in Russia: <https://www.facebook.com/sergey.besedin.33>

2) Anton Mitrokhin – co-founder, CFO, strategic manager, businessmen with more than 10-year solid background in development and promotion in the CIS markets of his own brands; author of methodology of business projects and personnel assessment: <https://www.facebook.com/tribog>

### 10.2. Advisors

1) Denis Efremov – venture advisor, Da Vinci Capital Vice-president, ITinvest BoD member, expert in private & venture capital investments and structuring in FinTech & B2B tech;

2) Vladimir Popov – IT-lawyer, lawyer with 10 years of experience. Co-founder of consulting service provider for hightech startups, including blockchain projects ([itsynergis.ru](http://itsynergis.ru)), the writer of #1 book about ICO and co-writer of the first book about cryptocurrency global legal status;

3) Hossain Mofassair (Shovon) – Attorney in Asia, CEO and Founder of Perhalic, a chartered management accountant, Crypto investor, an online mentor and Humaniq Ambassador from Bangladesh;

4) Colbert Low – Senior Advisor from Malaysia. Colbert is a Senior Advisor with over 12 years of IT global operations and project management experience. He is the Vice-Secretary for ACCESS Blockchain Association Malaysia and he owns a blog at <http://bitcoinmalaysia.com>.

### 10.3. Partners

1) FinShi Capital is managed by a team of professionals from Capinvest 21 fund. Since 2007 they have accumulated extensive experience in investments, technical and financial analysis and also in managing assets: <http://finshi.capital/ru/>;

2) Synergis – IT legal service for digital agencies, Internet shops, video games designer and other entrepreneurs: <http://itsynergis.ru>;

3) ICO platform and decentralized exchange OpenLedger, where the Descrow platform will be used for ICOs: <http://openledger.ru>. The preliminary agreement with the team has been already achieved.

4) DEEX.EXCHANGE - decentralized exchange and ecosystem, where the Descrow platform will be used for ICOs: <http://predico.deex.exchange/>. Currently is in the process of pre-sale preparation.

5) CIVIC platform – decentralized platform for person identification: <https://www.civic.com/>  
Any CIVIC user will be recognized by Descrow platform.

[descrow.com](http://descrow.com)

[www.medium.com/@Descrow](http://www.medium.com/@Descrow)

[www.facebook.com/descrow3/](http://www.facebook.com/descrow3/)

[www.twitter.com/Descrow3](http://www.twitter.com/Descrow3)