

# Cryptium

## Whitepaper Version 0.5

### Notice

This whitepaper is a work in progress meant to initiate community discussions. We welcome your feedback on which features to add, delete, or modify whether you are a crypto investor or a business looking to transition a portion of your cash flows to Cryptium.

Please join our discord server to discuss: <https://discord.gg/nXXJdFPVxn>

### What is Cryptium

Cryptium is a decentralized financial instrument for businesses to manage their excess cash efficiently at high return potential without excessive risks. It enables businesses to receive predictable dividends daily to replenish their bank account in order to cover their operational expenses.

For investors, Cryptium is a proxy to act as Limited Partners and share on the upside of the growth of the collective pool of businesses as well as the Cryptium token itself. For the first time, a crypto-asset is designed to be non-speculative as a trustworthy financial instrument for operating businesses.

### Equity-Free Yield for Businesses

Cryptium behaves like a decentralized investment fund mediated by a ERC-20 utility token, however compared to typical venture capital, the funds are disbursed daily during the staking period as a matching mechanism to your invested capital.

Typically, crypto-currencies are very risky and unreliable for your needs, however Cryptium is built to provide predictable cash flow return from the beginning. The cash flow stream is pegged to gold through PAXG, a stablecoin pegged against the value of Gold.

Further, Cryptium will enable you to share a portion of the collective upside of the growth of Cryptium itself with the entire pool of companies and investors that rely on Cryptium, i.e. it may increase your runway without dilution.

For example, companies that stake a portion of their excess cash into Cryptium will have a preferred rate of return which essentially guarantees them a return before other investors until a certain threshold, after which the excess return will serve as upside to the risk-tolerant investors that staked PAXG as collateral. If the overall return is below the threshold, investors may lose a portion or entirety of their PAXG stake in favor of the risk-averse investors, i.e. companies for example. Essentially, the risks are shifted toward risk-tolerant investors in order to attract businesses to utilize this Cryptium for non-speculative purposes, increasing massive adoption to the benefit of everyone. Meanwhile, as a company you will not be receiving upside when the growth is above the threshold, so you are sacrificing a portion of the potential growth in favor of the risk-tolerant investors; this is the price to pay for additional protection of your cash flow.

### **For Investors**

Investors will have three options: 1) trade Cryptium tokens without participating in the staking mechanism, this will be the risky option, 2) stake PAXG, assuming the risk on behalf of the companies while also benefiting from protection against loss of value that can be triggered by the day traders, 3) stake Cryptium to obtain a secure predictable return with protection against loss of value. In either case, Cryptium will support any companies dedicated a portion of their cash flow into Cryptium, as well as professionally vetted companies all over the world that will receive additional Cryptium funds in exchange of equity in their companies as well as contractual obligations to maintain certain ratio of excess cash in Cryptium, i.e. generating long term sustainable adoption of Cryptium. Staked investors (through PAXG) will act as Limited Partners in a decentralized investment fund mediated by this utility token.

Staking of PAXG and Cryptium will require KYC (Know-Your-Identity) to prevent money laundering and other illegal activities. Essentially, investors invest in the collective cash flows of potentially thousands of companies instead of investing in a limited amount of companies and their equity which are very illiquid assets.

### **The Erosion of Fiat**

Real world operating businesses have relied on fiat for their cash flow until this day. During the COVID-19 pandemic, the USA minted more than 35% of the total supply of USD currency. This is likely to lead to severe deflation of the USD dollars and affect most businesses with operations in the US. Many such companies have excess capital from time to time, this excess capital is often sitting idle in a bank account collecting less than 0.1% per year. Even Elon Musk speculated recently that he may convert a portion of Tesla's excess cash into Bitcoin. Regardless, at best, some of the better managed companies utilise certificates of deposits however those rates are now below 1% APY making them worthless given the upcoming currency deflation.

While crypto currencies such as Bitcoin and Ethereum could be alternative currencies, their high degree of volatility make them unreliable for operating businesses that want to ensure their capital is safe until it is needed. Stablecoins on the other hand could also be an alternative but they lack appreciation of value and are often pegged against USD.

Dragon's Vault, a globally distributed investment fund, is investing into AuDeFi, a technology-arm to its fund, with a mandate to manage the development of a new asset class called Cryptium, a high-yield, low volatility crypto-annuity. Cryptium provides high return potential while ensuring protection against capital devaluation through an elastic supply mechanism.

## Features

### 1) Stakers will be protected against loss of value

The value of an asset is a function of the price of the asset times the quantity owned. While programmatically enforcing protection on price is achievable it would prevent the token to be ERC-20 compliant for trading on exchanges. Therefore, we opted to prevent loss of value through an elastic supply mechanism.

Cryptium utilize two mechanisms ensuring a highly predictable high growth return:

- A. Staked Cryptium will offer protection against loss of value by minting and distributing new tokens to compensate for reduction of the token price. These newly minted tokens will only be distributed to stakers with a positive balance of Cryptium. For example, if the price of Cryptium would drop by 50%, there would be twice as much Cryptium distributed to Cryptium stakers to ensure the value of their asset is protected.
  - B. Cryptium stakers will have much less risks, given that a portion or all the collateral provided by PAXG stakers could be distributed to them in the unfortunate event that the growth is below the Staggered Growth Threshold (see next section). For example if the threshold growth at the time of the staking is 75% APY, any return below this threshold during the staking period will transfer some of the collateral from PAXG stakers to the Cryptium stakers. This essentially shifts the risk away from Cryptium stakers to the PAXG stakers. We expect companies that require a stable annuity to rely on staking Cryptium, while investors with a high risk appetite would stake PAXG for the higher growth potential. However, either parties could stake whichever tokens they prefer depending on their risk appetite.
- ### 2) Staggered Growth Threshold (SGT)
- Given that it is a lot more difficult to double \$1B than it is to double \$1000, there will be a staggered growth threshold available to stakers. Upon staking, the SGT will be fixed, and

the Cryptium stakers will be able to rely on fixed dividend payments. The same is true for PAXG stakers, the SGT for the staking period will be fixed at the moment they stake.

Participants with very high amount of capital staked will receive decreasing return in a staggered manner:

$$SGT = 12 * k * \left( \frac{1}{0.25\sqrt{x}} \right)$$

k = current balance of collective risk-tolerant collateral / risk averse collective stake

x = risk-averse individual stake

For example, if the collective PAXG stake is \$100M, and the collective Cryptium stake is \$50M then k = 2. Meanwhile, if a company stakes \$1M, this would provide them with a fixed ROI threshold of 75.9% per year.

If there are a lot of investors that stake PAXG, then k will be high, therefore increasing the SGT and making it more lucrative for Cryptium staking. Meanwhile, if too many participants stake Cryptium, k will be low and there will be more upside potential to PAXG stakers.

Overall, the timing of staking is important as SGT will fluctuate based on market forces. However, there will be a hard cap for both floor and ceiling of SGT between 5% and 120%.

The initial value of SGT will be set to 60% APY until there is at least \$1M staked.

### 3) Upside is locked at the end of the staking period

For Cryptium stakers, the SGT return will be added as additional annuity at the end of your staking period. So, if you were receiving \$1000 a day (pegged on PAXG) for 540 days, the additional return will be added on the 541th day until it reaches \$1000, at which point it will start being added to the 542th day and so on.

For PAXG stakers, your collateral stake will be locked for 540 days as well and a daily allotment will be unstaked and available every day as long as it was not consumed by the Cryptium stakers due to a growth rate below the SGT. Meanwhile, upside above the SGT will be automatically staked at the end of the 540 days period and will accrue in value until you can recover it. This return will be paid in Cryptium and automatically staked to be protected against loss of value.

### 4) Late Unstaking Penalty

To ensure money is not wasted, there will be a late unstaking penalty. As you can imagine people forget, lose passphrases, or simply pass away and we want to make sure the tokens will not go to waste. So, there will be a grace period of 30 days to unstake and claim the gains. After which, there will be a penalty of 2% per day, which will become available as a signing bonus (to PAXG stakers) for new money deposited into the staking portal.

5) Early Unstaking Penalty

Participants that unstake their tokens early, will suffer a penalty of 2% per day left in the staking period. This penalty will become a signing bonus to PAXG stakers as well.

6) Monthly Auction

Late unstaking penalty will accumulate during the next 30 days and be auctioned within a 2 hours period. The PAXG obtained from this auction will be used to buy back Cryptium from Uniswap in the course of the next week. If the auction does not fill entirely, the floor price will be used to give to participants while the remaining Cryptium will be rolled over to the next 30 day auction.

Tokens bought from the auction will be automatically staked for 18 months at the current SGT.

7) Protection against speculative pump and dumps manipulation

A portion of the PAXG and Cryptium staked by participants will automatically be locked into the liquidity pool on the decentralized exchange (Uniswap) therefore reducing volatility. The trailing average volatility of the last hour will be used to decide if additional liquidity needs to be injected or removed from the Uniswap Liquidity Pool. The algorithm will be optimized to allow around 1% volatility per day. This would allow the growth to reach as much as 365% per year in times of high adoption.

The remaining staked token pools will be utilized to buyback Cryptium and burned on an ongoing basis to reduce major price crash while the remaining PAXG will be kept as collateral.

8) KYC - Know Your Identity

In order to prevent money laundering, there will be a strict KYC process for the staking portal.

9) White blood cells

Day traders that simply do not want to undergo KYC nor stake Cryptium/PAXG can simply buy Cryptium and do what they do best, ensure the price converges to an optimal value given the fundamental value of the asset. However, given the mechanics of

Cryptium, they will have a much harder time engineering pumps and dumps to make quick money, as well they will not benefit from the loss of value protection that stakers benefit from. As such, it will be highly risky to utilize Cryptium in this manner and should be attempted only by professionals at their own perils.

#### 10) Superstake every 7 days

Every 7 days new Cryptium staked will be spread equally to your current monthly annuity to increase the monthly payment received. For example, if you have a \$10,000 annuity for the next 10 months. A new \$1000 staked on this seventh day will spread the \$1000 into an additional \$100 per month for the next 10 months of your current annuity.

#### 11) Withdrawal Fees

When participants withdraw PAXG or Cryptium from the staking portal, they pay a 2% fee. This 2% fee is split 1% to AuDeFi for operational cost including maintenance, marketing, and investment into new companies. The other 1% act as a staking bonus for new money coming into the portal during the next 7 days. This staking bonus is a first come first serve. There is a limit of 2% bonus per new money deposited in the staking portal. Companies need to withdraw money on an ongoing basis, which also leads to selling Cryptium on Uniswap. However, since the 2% is used to attract new money, this could lead to substantial bonuses in periods of large selloff.

#### 12) Unstaking Fees

There are unstaking fees of 0.5% that are used as staking bonus for new money coming into the portal as a first come first serve basis.

### **Non-Speculative Economic Return**

The Cryptium token built to serve operating businesses, will bring non speculative value to the world of crypto-assets like never seen before. For the most part, crypto-currencies have been speculative instruments, but since the Cryptium will have ties to real world cash flows of operating businesses all over the world, the adoption and consequently the value of the Cryptium will be highly correlated to the global cash flows of its participants. Investors will be there along for the ride using an entirely new financial instrument that differs from equity or loans without cost to businesses.

### **Alternative Circular Economy**

Typically businesses do not benefit from the growth of other companies, however in this case, all the businesses who convert part of their excess cash into these Cryptium tokens will benefit from

the growth of other companies when those companies reinvest additional capital into Cryptium pushing its value upward not just for themselves but for the entire community. Some companies will grow faster than others, and as long as adoption grows not just in terms of additional participants but in the size of existing participants, then the entire ecosystem will benefit. In the conventional world of fiat, the amount of currency on the market is so large, that participants do not see the effect of currency fluctuations, however in the case of a lower supply token, the results are likely to be vastly superior financial return of your capital that is currently not being deployed. For companies that grow faster than the rest of the market, they will benefit from additional growth of the currency as well which was previously not achievable using fiat. As such they benefit from both their own operations and sales, and from the excess cash assets they currently hold and didn't previously put to work in any significant manner. All of this without giving out equity or having to reimburse loans, or giving out royalty... a true innovation for corporate finances.

### **Initial Market Adoption**

Dragon's Vault as a Venture Capital Fund, from Singapore, already has a number of investment targets past the due diligence process that are ready to proceed and convert a portion of their cash flow to Cryptium.

Dragon's Vault will be assuming all required financing for the AuDeFi operational need until the public launch. Meanwhile, additional DeFi instruments will be built to support our investees, which will further put additional demand for the Cryptium.

### **Roadmap**

January 2021

Private crowdsale of \$1,000,000 USD of Cryptium temporary token at a strike price of USD \$0.13. Tokens will be locked until the staking portal for the fully functional Cryptium token is launched. Money raised from this phase will be entirely used to create the liquidity pool on Uniswap.

Q1 and Q2 2021

Public Launch of Temporary Token on Uniswap at a strike price of \$0.19  
Development of the Cryptium token and associate staking portal  
Marketing and Adoption effort  
Onboarding 2 companies per month

Q3 2021

Fully functional token release and swapping  
Staking portal available in all jurisdictions except the U.S.

Q4 2021

Availability throughout the U.S.

## **Tokenomics**

Initial token supply of 100 million, however Cryptium is using an elastic supply mechanism.

### **Token Distribution**

50 million for an investment fund dedicated to attracting operational businesses. Dragon's Vault will manage this pool of tokens through its Venture Capital Fund. The fund will be able to allocate 10M tokens per year for a period of 5 years. The return of the fund will be reinvested into attracting more businesses after the initial 5 years.

2 million tokens will be reserved for operational salaries such as marketing, and tech support, community management, etc. Operations will also be financed through the transaction fees earned from the liquidity pool on Uniswap and through 1% of late/early unstaking penalty.

7,680,000 tokens will be sold privately and locked until the staking portal and fully functional Cryptium token is launched at an initial price of USD \$0.13 (paid in PAXG). All PAXG will be used to create the liquidity pool on Uniswap.

40,320,000 tokens will be sold publicly on Uniswap at an initial price of USD \$0.19

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