

# CypherTrust DAO

## Abstract

Create a decentralized, irrevocable trust, known as a Decentralized Autonomous Organization(DAO) and along with it an ERC-20 token known as TRUST that represents ownership of the DAO assets. Carry out ownership proportionate voting on proposals to determine investments and wealth preservation strategies, as well as to elect trustees to execute the proposals of the DAO. Reduce risk by keeping organization outside of legacy systems.

## Introduction

Due to the volatility of cryptocurrency and legacy markets, inflationary fiat policies, and regulatory hurdles, there is both a market and a need for ways to preserve wealth outside of existing systems, which rely heavily on centralization.

The sheer number of emerging cryptocurrency projects make it nearly impossible to ascertain the quality of these projects, and to find time to perform fundamental and technical analysis on each of them. Time distributed among many individuals reduces the costs associated with doing your own research on each individual opportunity.

By providing a voluntary, collective wealth management trust, with the aim of neutralizing and mitigating market risk, while embracing permission-less contracts that require no judge, jury, or policy makers involvement, we aim to allow individuals and groups of individuals to preserve wealth without third party risk and with minimized downside potential.

## Problem

Centralized exchanges bottleneck the ability to manage your wealth without legacy system involvement. They exploit the need to both on-ramp and off-ramp from fiat into investments and vice versa. These legacy systems force people to custody their funds on centralized exchanges for security, reactionary wealth preservation tactics, and availability of diversified investment strategies.

An individuals ability to maintain an up-to-date base of knowledge of the rapidly advancing technological achievements occurring in the blockchain and Web3 space is growing to be a near impossible feat. This causes many individuals to spend an unreasonable amount of their precious time researching the progress, tokenomics, and economics of all the various projects currently in development.

Creating a similar trust fund inside the legacy system creates considerable risks for everyone involved and opens the entire project up to failure through many avenues. In a centralized system, many individuals and entities, both governmental and private, potentially have the ability to take the entire fund down.

## **Solution**

The creation of a decentralized trust fund which issues proof of ownership in the form of ERC-20 tokens, each representing a share of the funds market value, that grant ownership proportionate voting rights on proposals of investment and wealth preservation strategies within the fund. For multi-sig asset management in the DAO, Gnosis Safe provides many tools within platform to allow for the quick and efficient DAO creation and management. This DAO is not limited to Gnosis Safe but uses it as proven tool for asset management and transaction execution.

The trust itself requires no trust of others. The math is the trust. With this math, the funds within trust are under the control of each individual.

The original trustees were made up of the founding members of the Cyphertrust DAO and they will manage the creation of the fund until there are enough TRUST holders to vote on proposals that govern all activity in the DAO. After this point the trustees still exist as holders of the signing keys. Currently there are 9 trustees, each with a signing key, and one execution key which any of the trustees can use to initiate transactions. In order for the DAO to execute any transactions at least 4 trustees must sign before the transaction can be executed, the transaction can then be executed by any of the trustees with the next signing. The TRUST holders will eventually vote on the number of signing keys required to carry out DAO transactions as well as selection of the trustees that manage the signing keys. In this way, trustees who don't efficiently carry out their duties to execute voted-in proposals by the DAO can be quickly replaced with a different nominated and voted-in trustee.

TRUST, the tokens which proves ownership of the DAO, are minted whenever the DAO votes to do so, and the tokens are supplied to the TRUST-DAI liquidity pool on Uniswap V3, where they can be purchased by new investors. The dilution of value that would normally occur when minting new TRUST tokens is avoided by the innovative new price control mechanisms that govern the liquidity pools in Uniswap V3. The price of TRUST will fluctuate around the inherent value in the share of the fund it represents, through investor buying or selling, but the specifically configured liquidity provision of the DAO creates a price floor for the TRUST token. The TRUST token proves ownership and grants voting power to the holder, in addition to representing a portion of the principal value of the fund. TRUST may be available from other pools or exchanges but are only ever minted by a DAO vote and deposited to Uniswap V3 pools where they can be traded for other assets by investors. TRUST can also be traded on other chains but the liquidity for those pools will not come directly from DAO voted mintings, but from voluntary liquidity provisions made by TRUST holders.

## **Benefits**

- Total financial sovereignty with no involvement of centralized entities.
- Asset appreciation due to market making abilities and downside protection.
- Permission-less entry into the fund.
- Decentralized, gas-less voting powers based upon proportional ownership of the fund.
- Irrevocable by legacy law systems. The strongest trust in history.
- Any TRUST holder with more than 1000 TRUST can put forth a proposal.
- Investors can exit the fund at any time via the liquidity pools.

- Investors benefit from the yields and opportunities in the DEFI space while avoiding fees that make it very expensive for lower net-worth individuals to participate.
- The CypherBonus token will allow proportional distribution of profits.
- No developer. No developer fund. No leaders.
- The investment portfolio of the DAO is transparent and anyone can view it.
- By owning TRUST, the many transactions necessary to participate in DEFI are executed by the DAO itself on behalf of the TRUST holder, limiting taxable events for TRUST holders.

## Summary

By creating a decentralized, irrevocable trust that unifies the estates of many to provide defence against the power of the few, we can move markets, secure our individual financial prosperity, and allow us to have a powerful voice in shaping our financial and economic future.

Time is money and by putting all of our individual man-hours together, we can save years of research.

The investments of the fund are managed by the trustees and guided by proposals put forth and voted on by TRUST holders. There are also constitutional rules that were created during the founding of the DAO that all proposals must not violate or they will be rejected. These rules protect against TRUST holder proposals and votes that may be detrimental to the success of the fund. The constitutional rules are transparent and can be viewed by anyone. This is a long term, defensive growth strategy. It is a way to preserve the funds core wealth with market neutral investments such as stable coins to protect against volatility and irrational TRUST holder behaviour.

According to Metcalfe's Law, the network of estates preserving their wealth by investing into this trust will continue to grow allowing those involved to capitalize on the strategies of others and use our collective market making power to promote networks the majority of the fund support.

Pooled investment with liquid cryptocurrency assets allowing for complex trading, risk management, and estate growth. This allows those who are not high net worth to have same advantages as high net worth individuals.