

Chits: Anonymous Stable Cards To Bitcoin Satoshi

625 million chits for ~\$50 million (~\$0.08/ea) will raise between \$33-75mm

ChitsBank (a not-for-profit entity will be created as the central issuer)

www.chit.ca/chit.pdf

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Prologue

I'm dedicating this cryptocurrency to my son, and his generation. You were born rich, just the odds of being born are astronomical. Our goal as a cryptocurrency is to see an equitable stake for every human in the world, a fair world of financial equality.

Introduction

Bitcoin transfers for zero fees, forever. Spend anonymously like cash with Bitcoin stable cards. Pay and receive built-in receipts for business transactions with your mobile phone. Spend with stable cards ("chit cards") available in many colors, which can be bought and sold peer-to-peer (P2P) like a stock market using a representative number of chits on the open free market.

What is a CHIT? It's a stable card (actually in many colors of cards) that will represent Bitcoin in a stable way, and it will have a thumbs-up on a coin printed on PVC/plastic cards for the brand.

Who gives a chit?

Chit is actually a very old word originating from India around 1757 meaning a note or memorandum regarding a sum owed. It's also common in the restaurant industry to put your food order on a chit.

A tiny note, short letter or in grandeur terms a smart contract between you and the restaurant. Your main dish, dessert, drinks and food allergy or substitution notes all make up a contract of what's going to be paid, in what we call chits. Buy whatever goods and services you want with chits, it doesn't have to be food. Electronic money in the form of chits can be spent via ChitsBank account attached to your mobile number with your phone for in-person payments and an automatic digital receipt for business tracking, or by using a "chitcard" (stable card) anonymously if you prefer not to be tracked like how cash works.

Why Bitcoin

Bitcoin is gold, Ethereum is silver and other alt coins are like precious metals, all useful in their own ways.

I had servers in a data center and someone told me to mine Bitcoin in 2011, I thought why bother? It's not economical to do so. It still isn't really, even today. I'm not upset that I missed out, because at the time I didn't see how this distributed ledger technology would change the world of money.

Bitcoin is currency and also has payments built-in to the network, a truly unique innovation.

In the past several months, I've been fascinated by researching the number of alt coins created in the past couple of years. I told friends to watch out for Bitcoin at the end of last year in December 2017 because the price was going parabolic and was bound for a heavy downward price correction. Until you see Bitcoin as what it is intended (a store of value) you'll believe that it's going down to zero.

More recently, I finally saw its principles designed by Satoshi Nakamoto. Bitcoin's strength as a true store of value, give it a weakness in the speed of currency swaps exactly by the way it was designed. In order to keep it insanely secure, you have to solve math problems like double-spend and Proof of Work, which makes it very slow on purpose. The high cost of mining Bitcoin give it a high value proposition in the eyes of the public, and for the crypto miners too. I believe this was genius by design. This incentivizes the crypto miners to build out a highly distributed and decentralized crypto mining network which proliferates the Bitcoin protocol across all parts of the Internet. Again, genius.

Stable Card aka “Chit Card”

For these reasons, we'll be building a sidechain of stable cards called “chit cards” that will be represented in various colors. This will allow you to spend anonymously like cash, or use your mobile phone and gain a receipt for business transactions. The speed of our network will be in comparison with today's payment processors and modern merchant processing networks. Forget the speed of Bitcoin direct transfers, spend on our sidechain. Let's create an easily fungible currency that's backed by Bitcoins. We are backing our chits by Bitcoin, the first and best cryptocurrency in the world. We also never intend to charge a fee to transfer Bitcoin to others via our chits, like ever.

The reason I believe we can successfully create a sidechain of Bitcoin stable cards (aka “chitcards”) is because of how Bitcoin is designed, which is our opportunity. The high cost of mining, give it great value and scarcity, however, the speed at which Bitcoin is processing a payment or transfer is not ideal at the moment (on purpose for crypto miner proofing) and not really built for real-time transactional systems such as credit cards and debit cards of modern merchant processing networks. It can take hours to rule out a double-spend without intermediaries such as how the banks operate. Perhaps this is the greatest strength of Bitcoin which makes it essentially un-hackable as a public ledger and lend it so much utility as a value store.

Initial Coin Offering: CHIT

For an ICO, our intent is to use Ethereum, because it's so easy to get started and so largely proven for thousands of alt coins. I liked the Brave web browser when I first heard of it, and reading about the “Basic Attention Token” really excited me further. I believe Ethereum buys us the most integration and widest adoption into web browsers and existing digital wallets. I'm closely monitoring the promising Hashgraph gossip protocol work by Swirlds and its public ledger project; Hedera. I'm very impressed by EOS in that Decentralized Proof of Stake could work well for our idea of geographical custodians (or franchisees in business terms) for the creation/issuance and distribution of our chits to people as they are minted by the ChitsBank.

The Big Opportunity

To create a digital asset such as chits priced in an amount of Satoshi's (1 / 100 millionth of a Bitcoin) creating stable cards backed against Bitcoin. Our sidechain will essentially allow us to mine for more Bitcoin and leave Bitcoin in the vault, while trading chits peer-to-peer with each other represented by units of Bitcoin Satoshi.

33 chits for \$5 (\$0.15) = 100,000 Satoshi ₿0.001 (3030/ea)
75 chits for \$10 (0.13) = 200,000 Satoshi ₿0.002 (2666/ea)
200 chits for \$20 (\$0.10) = 400,000 Satoshi ₿0.004 (2000/ea)
555 chits for \$50 (\$0.09) = 1 million Satoshi ₿0.01 (1802/ea)
888 chits for \$75 (~\$0.084) = 1.5 million Satoshi ₿0.015 (1689/ea)
1875 chits for \$150 (\$0.08) = 3 million Satoshi ₿0.03 (1600/ea)
4000 chits for \$300 (\$0.75) = 6 million Satoshi ₿0.06 (1500/ea)
5400 chits for \$400 (\$0.74) = 8 million Satoshi ₿0.08 (1481/ea)
6850 chits for \$500 (\$0.73) = 10 million Satoshi ₿0.10 (1460/ea)
8333 chits for \$600 (\$0.72) = 12 million Satoshi ₿0.12 (1440/ea)
9850 chits for \$700 (\$0.71) = 14 million Satoshi ₿0.14 (1421/ea)
11425 chits for \$800 (\$0.07) = 16 million Satoshi ₿0.16 (1400/ea)
13000 chits for \$900 (~\$0.069) = 18 million Satoshi ₿0.18 (1385/ea)
15000 chits for \$1000 (\$0.066) = 20 million Satoshi ₿0.20 (1333/ea)

Disclaimer: Rather conveniently on Nov 23/24 in 2018, the price of Bitcoin was almost exactly \$5,000 CAD which made it really easy to form a consistent pricing strategy for issuing chits. The price will change constantly, and I'm thinking the prices will be available in current Bitcoin/CAD/USD converted prices for the ICO (or maybe we'll just keep this if its close) I'm not 1,000% sure on this yet and will consult a financial expert, but this will give you an idea of how it may look as a trial run. It will not vary by hopefully too much, so you can plan your funding amounts and how many "chitcards" you'll receive as a result of the number of chits you funded.

Organizational Structure

The organization ("ChitsBank" a not-for-profit entity to be created after the ICO) will 100% own the following web properties;

- [Chit.ca](#) (issuer and info for Canadians)
- [ChitsBank.com](#) (issuer and info for USA/International)
- [ChitCard.com](#) (an exchange to buy/sell stable cards in chits, Bitcoin, USD, CAD, etc.)

The software development company "Semple Ventures" (a for-profit entity) is to receive 5% disbursement of the ICO funding to develop out infrastructure and software surrounding the chits eco-system, further known as the lead software development firm.

ChitsBank as an organization ("the non-profit") will receive 70% of the funds raised and use these funds to purchase Bitcoin mining contracts (cloud mining) and also physical ASIC miners at hydroelectric data centers near Niagara Falls/NY and Canada.

Bitcoins earned from mining and exchanged for stable cards will be vaulted in one (or many) of these reputable alt coin banks:

- Gemini (New York)
- Coinbase/GDAX

- ShapeShift (USA outside of New York)
- Robinhood
- LocalBitcoins (Helsinki, Finland)
- Korbit (Seoul, Korea)
- Coinsquare (Toronto, Canada)
- Bitstamp (Luxembourg)
- Circle
- Waves (Kiev, Ukraine)
- Shakepay (Montreal, Canada)

Special limited edition metal stable cards will be issued to the funders in the ICO for investments at a specific size, and 25% of all the funds raised will go towards manufacturing the regular stable cards (PVC/plastic) and the special limited edition (metal cards) that will be shipped to those of you funding the ICO.

In summary, a quick recap of the distribution of funds:

- 25% of the funds raised will be used to manufacture the regular (PVC/plastic) stable cards and the special limited edition (metal cards)
- 70% of the funds raised will buy Bitcoin mining contracts and physical ASIC miners (hardware)
- 5% of the funds raised will go towards creating the not-for-profit “ChitsBank” entity and to the lead software development firm “Semple Ventures”

Chits Total Minted Supply

To solve our vision of “fair and equitable stake for every human in the world” this is the not so great news for the funders; this little thing we call dilution.

By 2023, the estimates are for 8 billion population in the world. This would top out somewhere between 8.625 quadrillion to 10.225 quadrillion chits ever minted. Chits are not “mined” like most alt coins, they are guaranteed to every human on the planet by a once in a lifetime grant. They can also be bought/sold/traded via ChitCard.com P2P marketplace and chits can end up in business accounts when traded for services or goods.

Limited to Once Per Person (Not a Business) Lifetime Grant (Age 18 Plus)

- 1 million chits for 600,000 Satoshi ₿0.006 (administration fee) ~\$30 CAD
- 1.2 million chits (200k bonus) for 1.8 million Satoshi ₿0.018 (administration fee) ~\$90 CAD

These numbers are partly based on what Bitcoin will end up with around 2.1 quadrillion Satoshi units (21 million Bitcoins which are divisible up to 100 million times each) by 2140.

New chits minted will be real of course via government-issued identification like a passport, or birth certificate.

These chits are entirely virtual and stored in the ChitsBank account holders name, but the chit cards (or stable cards) themselves will need to be purchased from the funders who will initially receive the physical chit cards, or the new owners that purchased them from funders via ChitCard.com P2P marketplace.

ChitsBank Mint and Distribution

I won't get in too heavy about dilution, check the section above for the total supply of chits to ever be minted. There will be opportunities for early believers and speculators of all kinds, and we are hopeful of mostly long-

term believers not interested in quick gains, this we cannot rule out. **I may need some kind of get rich quick disclaimer in here that satisfies regulatory bodies.** Now we have a little game to introduce. My son and I came up with this in a car ride home.

We are going to allow every funder the ability to choose what color mix of stable cards they want if they reach the minimum funding amount for a stable card, and we are going to reward the largest funders with special limited edition metallic "chitcard" stable cards.

So, what's the game then? You won't know the number of chits per card/color combo, until after the ICO.

Huh...what? It's based on supply and demand, the built-in scarcity of the card is up to the entire community of funders. The most picked colors (popular) being worth little, and least picked (rare/scarce) worth more. You can take the safe route and fund for an equal number of chit cards, or take a risk (play a game) and only pick a few of the colors. If you get lucky, those colors you chose were not chosen by many and become more exclusive.

Regular Chit Cards (PVC/plastic and possibly biodegradable plastic cards) its expected that all stable cards will have some kind of security measure like a QR code, magnetic stripe, barcodes or something to verify the validity of the stable card in the ChitsBank ecosystem. You'll be eligible to receive one color pick for every 250 chits that you funded:

- **Red**
- **Blue**
- **Green**
- **Yellow**
- **Orange**
- **Brown**
- **Black**
- **White**
- **Pink**
- **Purple**

Special Limited Edition Chit Cards (similar to metal credit cards today with real precious metals contained inside the metal card itself) these are potential options, it will be based on supplier availability, limited quantities, post-ICO. Based on minimum funding you will be eligible to receive one of these metal cards:

- **Carbon Fiber \$499 (min 52,920 chits)**
- **Silver \$500 (min 53,029 chits)**
- **Stainless Steel \$599 (min 63,529 chits)**
- **Brass Gold \$649 (min 68,833 chits)**
- **Silver Glass Fiber \$849 (min 90,045 chits)**
- **Copper \$919 (min 97,469 chits)**
- **Gold \$1200 (min 127,272 chits)**
- **Titanium \$1299 (min 137,772 chits)**
- **Platinum \$5,000 (min 530,303 chits)**
- Palladium N/A
- Tungsten N/A

NOTE: Expect these commodity prices to slightly change and be posted to ChitCard.com

Who Controls the Future Issuance of Chits

Top funders per region (in just over 700 metro areas) will have Geographical (“Custodian Rights”) similar to a franchisee to the area they chose while funding. They’ll have the ability to assign themselves or to nominate a ChitsBank custodian for their geographical area. This custodian will be in a home office/virtual office, until this thing really takes off. They’ll be responsible for handling government ID’s submitted by people in their area. Background checks will exist for the nominated ChitsBank area custodian, and those with a criminal record will be disqualified from handling custodial duties for this service area, thus a new custodian will be nominated.

ChitsBank Wallet Technical Data

Personal Accounts / Public Accounts

Here’s the “birth seed phrase” aka “bird seed phrase” for your master ChitsBank wallet private key:

First Middle LastName January 1 1901 Toronto Ontario Canada

Here’s the generated SHA-512 private key (128 characters) from your birth seed phrase / bird seed phrase:

D3EF6B2895F5F37437C0E5E41CDCBDF5D61E51DA70ADDC59AFFDD0EBA8A44EDCBBD56D69F2D05BEB099397
2B3EFD2E1A77D99931AF39C1FDFFE0B2C404A607D4

Your given Birth Name + Birth Date + Birth Place (this stuff is never changing except in marriage or public figures use your before marriage or before stage real given name on your birth certificate and/or passport) and this creates a master SHA-512 hash for your private key. Your private key should never be shared with anyone, and you need to keep this safe. Nobody will ever send you chits to your private key so it’s like your social security/insurance number (SSN/SIN) where you’ll want to keep it private only use it to setup your ChitsBank public accounts. Based on your private key you will create ChitsBank public accounts for your contacts (more SHA-512 hash addresses) like for example, your private key + phone = one account. Your private key + email address = second account. Do this for as many emails or mobile phone numbers that you own and can verify.

These public accounts will be represented by QR codes too, and can be scanned by others wanting to send you chits. There’s no escrow, requesting funds from others or refunds after chits are sent to someone else it’s permanent. This is similar to how debit cards work.

Business Accounts

In the case of business accounts, no lifetime grants for chits exist. You must collect chits by requesting that personal / public accounts send you chits for your services. Like other forms of money, please do your taxes.

What does a business account look like? Registered Business Name + Business Phone (backed up by a registered government business license): *Registered Business Name 15551234444*

7EBEA3D98632C334E6D7F81F1FA130BE13F0B9A79E8B5360B2F926D7BF5B1C1C60CD4BB237F0382B72349CA
4CBACF12D436FC949747CA871C25DA5AFD5315A1B

That’s all. If you want to talk about this technical paper, please text/SMS me 905-808-4874 and mention “chits” and whatever you want to talk about. I won’t answer your call directly, so don’t bother, just send me a text like I asked for originally :) v1.19.1.4