ELEMENT ZERO
NETWORK

NEXT GENERATION PAYMENT NETWORK

BASED ON AN ALGORITHMIC STABLECOIN CREATION PLATFORM

Not-for-Profit Organization

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BACKGROUND

Element Zero is a not-for-profit next generation payment network based on an algorithmic stablecoin creation platform. Element Zero is designed with the hope of making the world better for all, by providing a new form of payment that is protected against long-term inflation and eliminates the possibility for any volatility in the first place.

Element Zero, created by Jointer, Inc. a blockchain startup based in Silicon Valley, CA emerged from Jointer's need to provide its users a solution for stable, decentralized cryptocurrency payments. After in-depth reviews of existing stablecoins, Jointer concluded that none of the current stablecoins in the market were truly decentralized or 100% stable. Another factor identified during due diligence was that none of the stablecoins combat inflation, something needed in order to protect long-term purchasing power.

Early in the development of its proprietary stablecoin and in partnership with Nobel Prize winners and world-class experts, Jointer realized how many industry and everyday problems Jointer's new stablecoin could solve and how wrong it would be to limit this solution exclusively to Jointer. What started as a specific payment solution for Jointer soon expanded into a global solution. Against this backdrop, Jointer decided to establish Element Zero as an independent and autonomous entity that will hold all the stablecoin rights and will belong to the public as a not-for-profit organization.

To ensure the future of Element Zero and keep it from any form of manipulation, such as greedy third-parties, or even governments, Element Zero was incorporated as non-stock membership. This means it will not distribute any profits to shareholders (there are none) and keep 100% of the revenue in the organization's reserve to support the liquidity of all Element Zero stablecoins. The control over Element Zero will be shared with all stablecoin users in such a way that every essential decision will require agreement by consensus.

Element Zero is launching the EZO coin, the Element Zero branded stablecoin but since Element Zero is a turn-key stablecoin platform, it's true strength is determined by the partner organizations; be they companies, providers or even governments, as they leverage the Element Zero Network supported by the stability and liquidity protocols to create and launch their own stablecoins using a different name, symbol and their own custom features.

Introduction

As history has already reported, once a stablecoin becomes tradable on secondary exchanges, the forces of supply and demand unleash enormous volatility on the underlying price, thus defying the very purpose of a stablecoin. There are two ways for any stablecoin to manage—or prevent—this volatility:

1. Design and implement creative internal protocols to work toward coin stabilization.
2. Completely eliminate all possibility for the stablecoin to fluctuate in the first place.

Element Zero believes that no matter how other stablecoins design and implement their protocols to manage stability, they cannot anticipate all possible market conditions. The future is unpredictable and as it is often said, "we don't know, what we don't know." The logical conclusion is that if there is a potential for price volatility, there will always be risk that the stability models will not cover all market fluctuations and fail, causing the coin's price to collapse. Furthermore, in the future, competitors, companies, and even nation states may turn their focus on economic warfare as an alternative to traditional combat. This will make destabilizing stablecoins an attractive weakness and used to target businesses and even the economies of other countries. Element Zero is designed to overcome this very weakness.

Element Zero has been built to serve the public for many years to come. But, because no one can know the future, Element Zero cannot and will not claim, like other stablecoin companies, that it has constructed the perfect protocol that could stabilize Element Zero's stablecoins forever. Stablecoins may still remain vulnerable to price volatility and require the intervention of a small group of people to make multiple decisions for years to come. Element Zero has therefore chosen to build a stablecoin in a way that eliminates the possibility for price volatility in the first place.

We are sure that there will be critics who claim that this new method for eliminating the possibility for price volatility will not allow people the choice to sell their stablecoin above or below the set price and that this runs against the idea of a free market. However, any decentralized system must be designed as autonomous and not dependent on a committee of individuals to brainstorm and change policy, if and when extreme conditions transpire. Therefore, those stablecoins that are pegged against fiat money (such as U.S. dollars, euros, pounds, yen, etc.) that use a committee to monitor their coins also do not support free market principles. The truth is there is no such thing as a free market. So, the only question is whether a decentralized system or a centralized system controlled by a small group of people who make decisions for all. Since Element Zero's stablecoin is designed to overcome inflation and stabilize its purchasing power, the value of our stablecoins will follow and change based on public economic behavior, a datum which we believe itself expresses the true spirit of a free market.

Elements Zero's liquidity system is a hybrid collateralization and non-collateralization system with Machine Learning, Circuit Breakers and Bond Tokens (read more about Circuit Breakers and Bond Tokens later on) to ensure immediate liquidity and optimize its reserves based on Fractional Reserve Multiplier Effect method (read more at Investopedia). This kind of liquidity system supports a strong level of trust among users and promotes the development of a significant secondary market. Element Zero also encourages the use of its stablecoins for goods and service transactions using their integrated escrow and arbitration features along with a new disruptive method for processing payments.

All current stablecoins are based solely on pre-determined protocols that are inadequate, flawed and at risk of failure. Element Zero utilizes a new approach, combining proven economic protocols to create the stability and liquidity that finally solves the stablecoin problem. Our approach provides a foundation that supports both user confidence and long-term investment.

Element Zero offers:

1. **A Next Generation Payment Process** - a new way to process payments over the web and VR/MR/AR and other emerging platforms.

2. **A Decentralized Stability Protocol** - based on a new algorithmic methodology that eliminates the ability to sell Element Zero stablecoins above or below the set price, and is designed to overcome inflation;

3. **A Decentralized Liquidity Protocol** - based on a new methodology to survive cryptocurrency crises through the use of a hybrid collateralized/non-collateralized protocol, dynamically managed by machine learning based on the Fractional Reserve Multiplier Effect, the same method used by modern banks to create liquidity.

A Not-for-Profit Business Model

The stated purpose for Element Zero will be to utilize cryptocurrencies and other assets acquired from the public to provide support in the form of grants and other monetary donations to worthy organizations organized for charitable purposes with federal tax exemption under Section 501(c)(3) of the Internal Revenue Code. In other words, Element Zero is an aggregator organization that takes in assets, invests those assets, and donates profits to other 501c3 organizations with oversight.

Donations

As a not-for-profit, Element Zero will assign 100% of the revenue in the company's reserve to support the liquidity of the stablecoin. At some point in the future, it is possible the ratio between the reserve and Exposure at default (EAD) will flip, creating a favorable scenario of more funds than obligations, which creates a net profit. If this occurs, Element Zero will distribute 100% of the net profits to non-profits organizations.

The Stablecoin Industry

What is a Stablecoin?

In the traditional currency world, there is no such thing as a truly stable currency. This is due to the fact that all fiat currencies, such as the US dollar and Euro, are subject to fluctuating exchange rates and inflation. These fluctuations are usually small enough so that it does not prevent them from being the primary medium of exchange on a day-to-day basis.

In the digital world, we have seen that cryptocurrencies are subject to massive volatility. For a small portion of individuals, often referred to as speculative investors, this volatility supports their preferred level of risk. But for the majority of mainstream consumers, this volatility is not an attractive option and is not a practical solution for their daily transactions or for long-term investments.

In order to be successful, a stablecoin needs to offer protection from numerous volatility-inducing factors, whether they are those that we know today or 100 years from now. For example, we are seeing that as stablecoins become tradable on secondary exchanges, the market forces of supply and demand are imposing significant volatility on their price. Today there are two ways for any stablecoin to manage this volatility:

1. By backing the coin with a currency, asset or commodity in hope that the market will trade the coin with the same value it has been pegged to.
2. To design and implement creative internal protocols that stabilize the coin every time there is a fluctuation.

Element Zero proposes a new way to create a stablecoin based on a new methodology that completely eliminates the possibility of any price fluctuations from occurring in the first place.

Why are Stablecoins Important?

Regardless of the currency type, stability is crucial to protect buyers and sellers from loss of value, either during a transaction or over the life of an investment. Without some form of stability, it is unlikely that cryptocurrency will ever be adopted as either a mainstream payment system or investment option.
During a cryptocurrency crisis, even speculative investors need to temporarily park their funds with a stablecoin in order to avoid losses.

With stablecoins, a new opportunity exists to provide protection against volatility with the benefits of being able to address the needs that our increasingly digital lives demand. Stablecoins provide a reliable, predictable form of payment that are compatible and complementary to emerging technologies without requiring complex systems or processes.

The Current 3 Stability Methods

All three types of the current stablecoin protocols and their various alternatives are flawed. This is true of both centralized and decentralized currencies, from fiat currencies to gold. These stablecoins are mostly based on pre-determined protocols and are reliable during optimal conditions. However, none of them will resolve all the issues confronting them when unpredictable market conditions arise or they are faced with uncertainty or significant volatility.

Here is a closer look at the current stablecoin methods and where they break down:

1. **Centralized and Fiat-collateralized**
2. **Decentralized and Crypto-collateralized**
3. **Decentralized and Non-collateralized**

Method 1: Centralized and Fiat (USD/EUR)- Collateralized

The protocol for this type of stablecoin is straightforward and can be described as a 1:1 transaction. A user deposits $1.00 (in fiat currency) into a holding company that acts as a centralized party. In return, the user receives 1 stablecoin that acts as a note and is equal to the $1.00. At any time, the user can return the note (stablecoin) to the company and have their $1.00 in fiat currency returned.

Although this method is simple and robust, it presents significant risks. A company that acts as a centralized party may fail to return the funds when requested or may create more stablecoins than actual money in the bank. The fiat and/or underlying assets may also be prone to volatility and instability.

This type of stablecoin is highly regulated as e-money institutions and overseen by bureaus such as the Financial Conduct Authority (FCA) and the Department of Financial Services (DFS). Therefore, a backdoor to control the coins is required.

Future Concerns with Cryptocurrencies Pegged Against the US Dollar

There are significant issues for stablecoin companies that have created digital coins where their stability comes from being pegged against fiat currencies, such as the US dollar, Euro, Yuan, etc. We believe that in the future, governments will step forward with their own digital coin, instead of letting the market be controlled by private companies. Therefore, once this happens in the US, all stablecoins remaining in the market that peg against fiat USD will likely disappear since there's no logic for the public to keep buying coins pegged against the USD from a private company when it can be bought directly from 'Uncle Sam'. (See reference section links to governments that are exploring this option of Central Bank Digital Currencies.)

Method 2: Decentralized and Crypto-Collateralized

Unlike the centralized and fiat-collateralized method described above, with this type of stablecoin, users make their initial deposit with a cryptocurrency. This allows the transaction to be managed by a smart contract and helps remove the issues surrounding centralization. However, by removing these issues a new problem is created relating to collateral.

This stablecoin protocol works in a manner similar to a mortgage loan; users deposit their cryptocurrency as collateral and borrow against that stablecoin. Because the collateral is based on cryptocurrency and has to withstand price-volatility, the protocol must manage a loan to value ratio to keep a buffer, and lending is based on a low ratio such as 1: 2.

This protocol either works or completely fails and crashes. For example, if the value of the cryptocurrency-based collateral drops by more than 50% (which has happened more than once) the collateral funds cannot support this volatility and the coin will not be able to maintain its stability or its original value and has a high potential to collapse. At this point, the company managing the stablecoin will demand coin holders to return the stablecoin if the collateral value drop is 25% and the ratio reaches to 1:1.5. If the coin holders do not do this, then the company will resolve the issue through a foreclosure auction on the collateral offering it to the highest bidder—exactly like banks who take possession of homes that have not paid their mortgages on time.

Method 3: Decentralized and Non-Collateralized

This method is non-collateralized, using neither fiat nor crypto to support the currency. It is backed by a strong confidence in the coin's stability. In order to make this method work, two things need to take place:

1. The system needs to prevent the stablecoin from increasing in value above $1.00. This is fairly easy to accomplish. If the coin increases above $1.00 in value, the system can create additional stablecoins to reduce the price. By doing so, the price drops back to its original value.

2. The system must also prevent the stablecoin from decreasing in value below $1.00. When decreasing value occurs, the system needs to burn coins and here is where a problem exists.

In order to remove coins from circulation, the users holding these coins need to agree to return them to the system in exchange for a future bond to guarantee they can purchase the coins at a reduced price. If—and when—the price of the coin rises above $1.00, the system creates additional coins and users can purchase these at a discounted price.

This method has a fair number of skeptics, as it is predominantly dependent on trust and leaves itself open to panic. This becomes problematic because panic tends to quickly and irreversibly degrade the value of the coin. For example, what if the system needs to reduce the number of coins in circulation to balance the price of the coin back to $1.00 and there are not enough users willing to participate in the future reward program? Or, what if the coin becomes so popular that organizing a buyback takes a few days?

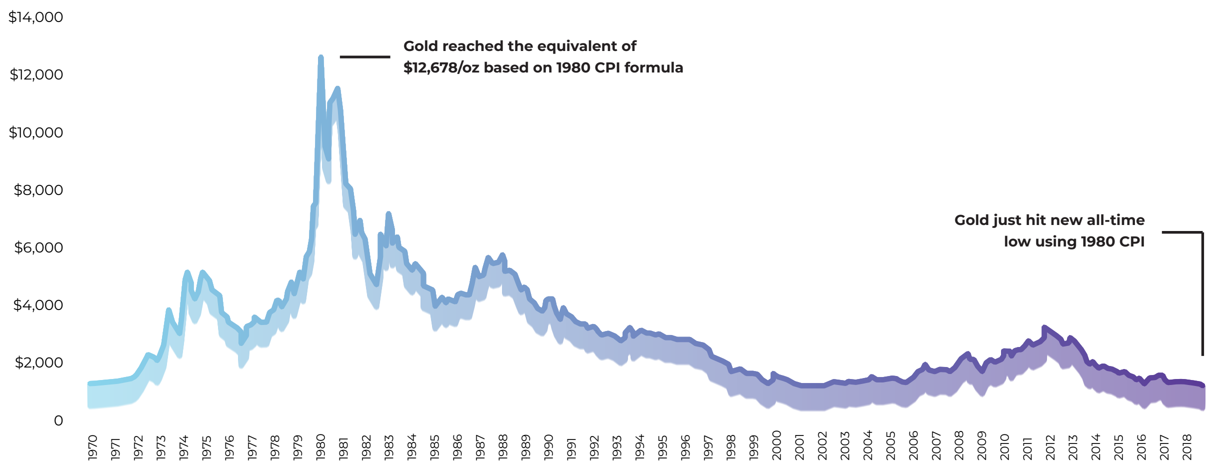
These scenarios can potentially create instability in the coin's value, furthering the uncertainty that generates public concern, rumors, and panic. This increasing sense of doubt is like a domino effect, often leading to a "run on the bank" scenario. All coin holders will start to minimize their losses by selling their coins at a deep discount fueled by fear of continued negative fluctuation. As this scenario escalates, competing stablecoin companies—or malicious individuals—are prompted to capitalize on these circumstances by spreading further rumors and uncertainty about the future stability of the coin (often referred to as FUD : Fear, Uncertainty and Doubt). Under any of these conditions, these stablecoins value will be on a rollercoaster that only needs to go down too far just one time in order to crash and not recover.

Why do we need a new stablecoin protocol?

Fiat currencies and commodities can drop in value and even crash completely due to inflation. For example, inflation stood at 31% in Argentina in the third quarter of 2018, effectively boosting interest rates in the South American country to 30%. But a high rate of inflation can happen to any country, even in the US where during the '70s and '80s the inflation rate crested 10%. Traditionally stable commodities such as silver and gold are not immune to volatility either and their price can dramatically increase or decrease based on various market forces.

1980 CPI Formula Shows Gold Now at All-Time Lows

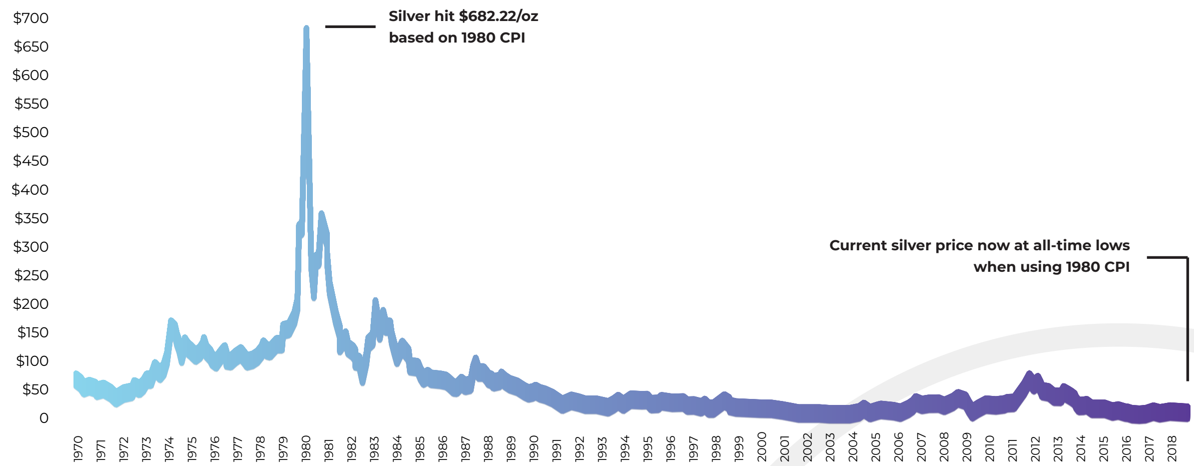
(ShadowStats-Alternate CPI, July 2018 Dollars)



source: shadowstats.com

1980 CPI Says Silver Hasn't Been This Cheap in 50 Years

(July 2018 Dollars)



source: shadowstats.com

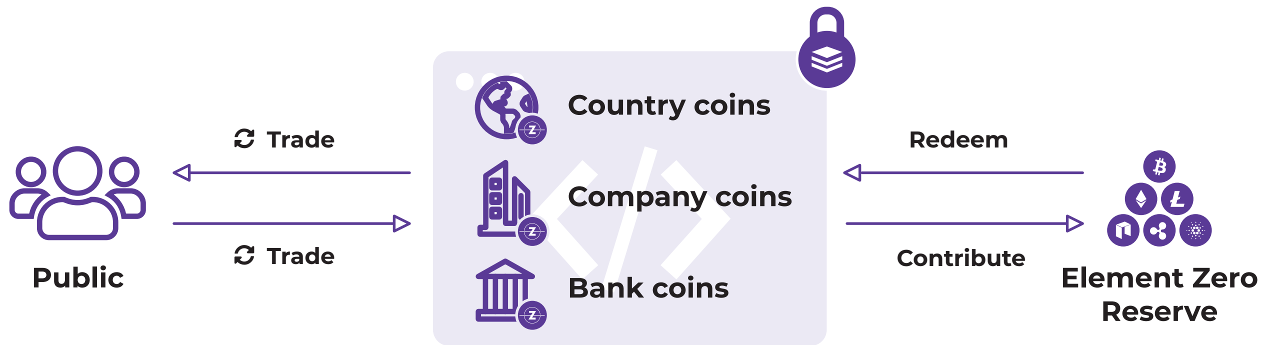
Second Great Depression

In 1929, the world economy plummeted into what's known as the First Great Depression, which was the worst economic downturn in the history of the industrialized world, lasting for ten years. It began after the stock market crash of October 1929, which sent Wall Street into a panic and wiped out millions of investors. Since then, the world economy has been impacted by the 2007 financial crisis, where the US Treasury and Federal Reserve intervened to try to halt an economic collapse. Despite efforts, we still saw a recession take place in the following years which impacted many nations worldwide. Today, there continues concern that the world may fall into a Second Great Depression. For this reason, stablecoins that are governed, by a protocol that is designed to try to stabilize the coin carry a significant risk of crashing to a zero value contributing to economic turmoil.

Not only is the future unpredictable, but as things become more complex, we are now facing the risk that countries and companies can attack each other by finding financial and technical weaknesses in digital currencies. Can you imagine a scenario where a government like powerful groups from another nation sells a significant amount of stablecoins for the sole reason of significantly damaging US businesses and citizens? Or can you imagine that there is a popular stablecoin that dominates the US market and then China buys 51% of the supply of the stablecoin and takes control of the underlying blockchain?

Element Zero: A Turn-key Stablecoin Creation Platform

Element Zero enables partners—businesses, organizations and even governments—to create their own stablecoin, free of charge, based on the new algorithmic stability methodology that completely eliminates the possibility for any volatility in the first place.



True Stability
A new methodology that completely eliminates the possibility for any volatility in the first place for both short and long term holding.

A New Payment Method
A simplified payment process that can support the needs of our increasingly digital lives, easy drag-and-drop functionality and protects personal data by not sharing with sellers.

A New Standard of Stablecoins
Driving a new standard in currency and payment solutions.

Stablecoin Partner Solutions

There are multiple advantages to industries, businesses and organizations to implement and support their own stablecoin.

Loyalty Programs

Element Zero stablecoins can be used to manage miles programs for travel or frequency awards providing a simple, singular currency for awards, coupons and redemptions.

eCommerce

Support micro-payments, receive discounts and reduce/eliminate transaction fees for specific transaction types.

Celebrities and Influencers

Element Zero stablecoins provide the ability to communicate with their community of stablecoin holders.

Businesses

Element Zero offers businesses leveraging greater brand awareness and loyalty through customized customer incentives for use in their business stablecoin.

Governments

Element Zero stablecoins are immune to inflationary instability providing citizens with a currency that is stable without complex systems and processes for conversion and acquisition.

Charities

Charities and NGOs can use the stablecoin to drive awareness, community and increased revenue streams resulting from expanded donation opportunities and transaction fees.

Benefits for Partners

Algorithmic Stablecoin 2.0
Based on the Element Zero Stability Protocol using smart contracts that eliminate the possibility for any volatility in the first place.

Co-Branding
Extending brand reach, loyalty and value.

Customized Features
Open-source Software Development Kit provides the ability to build customizations specific to partner's needs.

Increased Revenue Streams
Royalty payments, transaction fees and bounty payments.

Loyalty Solutions
Add micropayments, points or awards and customized features.

No Processing Fees or Monthly Minimums
Eliminate third party settlement, monthly minimum transactions and processing fees.

Increased Conversion Rates
And decreased cart abandonment rates with simple, integrated 'drag-and-drop' functionality.

Simplified Buyer-Seller Dispute Resolution
Built-in arbitration and escrow features solves disputes and maximizes buyer-seller trust.

Minimal Transaction Fees and No Chargebacks
Micro-transaction fees and no costly chargebacks.

Instant Settlement

Providing increased cashflow and liquidity.

Network Payment Ecosystem

Enabled by compatibility of coins on the payment network.

Regulatory Compliance

Element Zero stablecoins will be registered under the SEC Security Act (Reg S1) and will include AML/KYC.

Community Building and Management

Partners can easily communicate with every holder of their coin.

Redistribution of Profits to Non-profits

Redistribution of wealth to social causes, instead of sharing the profits with a select few.

	PayPal	venmo	Alipay	VISA MasterCard	ELEMENT ZERO NETWORK
No Payment Processing Fees	✗	✗	✗	✗	✓
One-click Integrated Shopping	✗	✗	✗	✗	✓
Experience	✗	✗	✗	✓	✓
Revenue Stream	✗	✗	✗	✗	✓
No Chargebacks	✗	✗	✗	✓	✓
Co-Branded	✗	✗	✗	✗	✓
Micropayments	✗	✗	✗	✗	✓
Instant Settlement of Transactions	✗	✗	✗	✗	✓
Decentralized Buyer/Seller Protections	✗	✗	✗	✗	✓
Low Transaction Costs	✗	✗	✗	✗	✓
Protection of Personal Data	✗	✗	✗	✗	✓
Community Engagement Tools	✗	✗	✗	✗	✓
No Foreign Currency Fees	✗	✗	✗	✗	✓

Benefits to Individuals

Short Term Holding

A simple, fast and secure way to secure digital assets in times of market turbulence.

Long Term Holding

Element Zero stablecoins are protected from inflation and other market factors that decrease purchasing power.

Digital Payments Simplified

Element Zero CartBox and stablecoins provide a secure, simple payment solution that protects user privacy while providing ease and convenience in e-commerce.

Purchasing Power Protection: The Holy Grail of Currency

Maintaining purchasing power is equally important to businesses and individual users. Today, traditional fiat currencies, stablecoins pegged against fiat currency and even future digital currencies created by a government, can all suffer from a loss of purchasing power due to inflation.

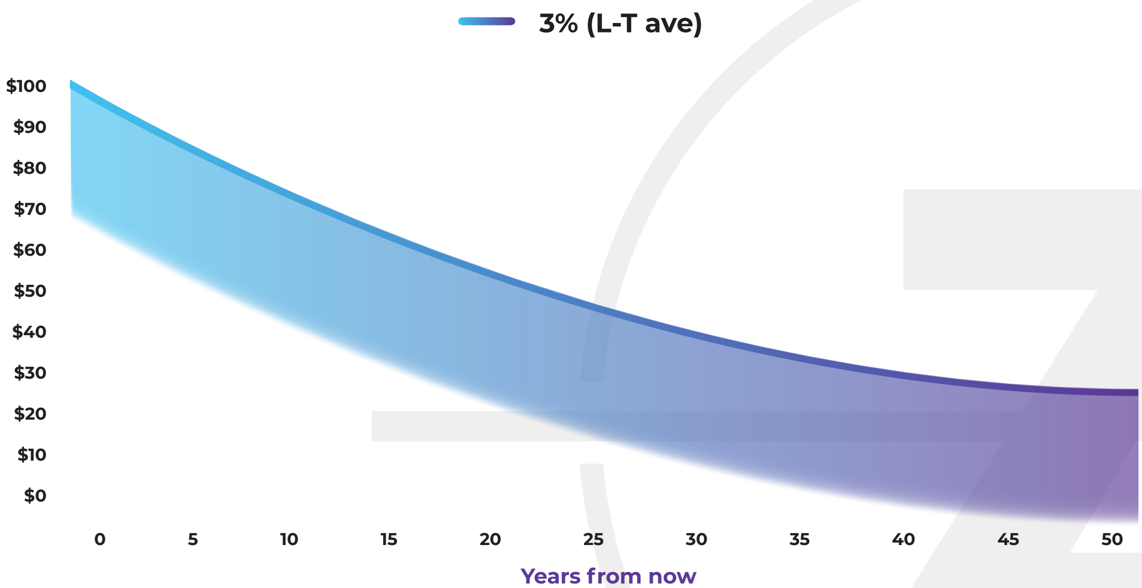
For example, $100 in fiat currency with a traditional inflation rate of 3% per year, will only have $74.41 of purchasing power in ten years time. Element Zero stablecoins solve the problem of how to stabilize purchasing power and protects against inflation and market volatility.

Stability + **Digital Feature set** = **A stablecoin made for today's world**

Element Zero Stablecoins Fixed Face Value

Element Zero's stablecoins face value will be fixed at $100 US and will remain equal to the purchasing power of $100, even in 10, 20, 30 years, because it is protected from inflation and even USD volatility.

What Will $100 be Worth in N Years?

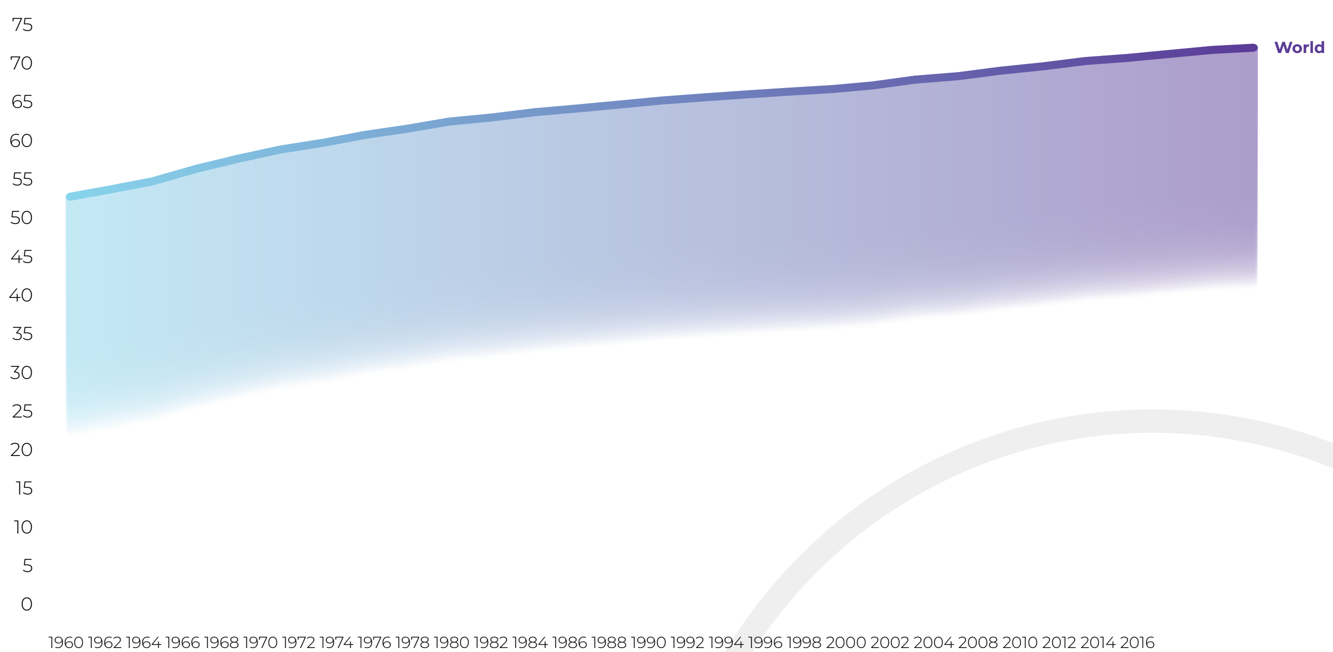


The Double-Edged Sword of Increased Life Expectancy and its Relationship to Inflation

Since 1930, the average life expectancy has increased by more than 15 years and recent studies reveal that each year we live, we actually increase our life expectancy. This increased life expectancy improves the chances for a successful retirement, and also offers more years in retirement and opportunities to enjoy the things that "we never had time for before." The downside is that the longer we live, the longer we will need to live off of our retirement savings.

For example, over the past 100 years, inflation has averaged about three percent every year. At first glance, this might not seem significant. However, three percent inflation over 10 years means a 26 percent loss in the real value of fiat based holdings.

Average Life Expectancy



source: Data from World Bank

Someone once said that "while living longer is generally a very good thing, living longer than your money is not." None of us know how long we will spend in retirement, which makes it very difficult to navigate when it comes to retirement planning. Think of planning for the future based on a moving target. Another major component to account for is the effect inflation has on retirement savings and effective ways to mitigate it.

Protection against Inflation and Currency Crises

The Element Zero machine learning mechanism's task is to ensure there are enough funds in the Liquidity Reserve to serve the Liquidity Coverage Ratio (LCR). When extra funds exist, they will be moved to the Holding Reserve to be used for purchasing and holding commercial real estate asset tokens via Jointer.io's decentralized system. This means that when a cryptocurrency market's volatility reaches an extreme high, the Holding Reserve's performance will not be affected since its funds are invested in a strong conservative class asset. This also provides protection against inflation, since inflation impacts rent rates. When rent rates increase, the property's net income and the property value follow.

Element Zero—A Solution for Countries Suffering from Inflation or High Currency Volatility

Countries such as Venezuela and Argentina have fiat currencies in great turmoil. They have high volatility, hyper-inflation, depreciation, and/or weakness against the US dollar. Due to its high stability and continual protection against inflation, Element Zero stablecoins have the opportunity to become a safe haven currency. They are stable enough to keep their value, particularly when compared to other currencies in times of economic uncertainty, high volatility, inflation, and other forms of crisis. This supports the potential for mass adoption by foreign consumers, investors, and institutions that see the strong confidence shown by the Element Zero our stablecoins, recognizing they are both stable and inflation proof.

Country	Fiat Currency	2018 Inflation Rate
Venezuela	Bolivar	1.7M%
Argentina	Peso	47.1%
Turkey	Lira	20.3%
Egypt	Pound	11.97%
Pakistan	Rupee	6.17%
Philippines	Peso	5.1%
South Africa	Rand	4.5%
Mexico	Peso	4.83%
Brazil	Real	4.6%
India	Rupee	4.3%

https://tradingeconomics.com

How Will Element Zero Stablecoins Overcome Inflation?

Element Zero's protocol is designed to increase the value of its stablecoins in a way that will balance its purchasing power by overcoming inflation. This is achieved through automatically following the Personal Consumption Expenditures (PCE) and the Consumer Price Index (CPI) average inflation per year over the last 100 years—whichever is higher. This design is what will combat the extreme scenarios of temporary hyper-inflation crises.

As Element Zero's stablecoins establish as a reliable and preferred massive payment solution, we can independently—and in a decentralized manner—measure the CPI inflation rate over time by analyzing users' expenditures through using Element Zero's CartBox.

To guarantee a stablecoin's price reflects inflation, every time the system generates new stablecoins, they will be based on a new current coin price, which includes an inflationary adjustment. Every time the system processes a redemption, users receive the current coin sale price. For example, if the stablecoin is worth $100 today and one year later the system creates new stablecoins at a current coin price of $103, users wanting to redeem their stablecoins from the system will receive a return with the new coin at a price of $103.

Protection Against USD Volatility

To ensure that Element Zero stablecoins are not losing value due to USD volatility, the system will measure the SDR (Special Drawing Rights) index, which is determined by summing the values in U.S. dollars, based on market exchange rates of a basket of major currencies, including the U.S. dollar, Euro, Japanese Yen, Pound Sterling and the Chinese Renminbi. The SDR currency value is calculated daily by the International Monetary Fund and the valuation basket is reviewed and adjusted every five years.

Mass Adoption—A Catch 22

Stablecoins that are not based on the centralized and fiat-collateralized method (meaning they have no 1:1 reserve ratio with fiat) face a significant problem. They cannot be successful and trusted as a stablecoin until a large user base accepts them as such, but mass adoption will not occur until they are first trusted. The only way to avoid this "Catch 22" is by creating significant incentives for first-time adopters.

Element Zero's growth strategy to drive mass adoption is multi-pronged, providing multiple pathways to the usage of Element Zero stablecoins globally.

ELEMENT ZERO PARTNERSHIP PROGRAM

Phase 1	Pilot program for stablecoin creators
Phase 2	Strategic partner management
	Automated on-boarding program for smaller players

ELEMENT ZERO AMBASSADOR PROGRAM

Stablecoin word of mouth and social media promoters

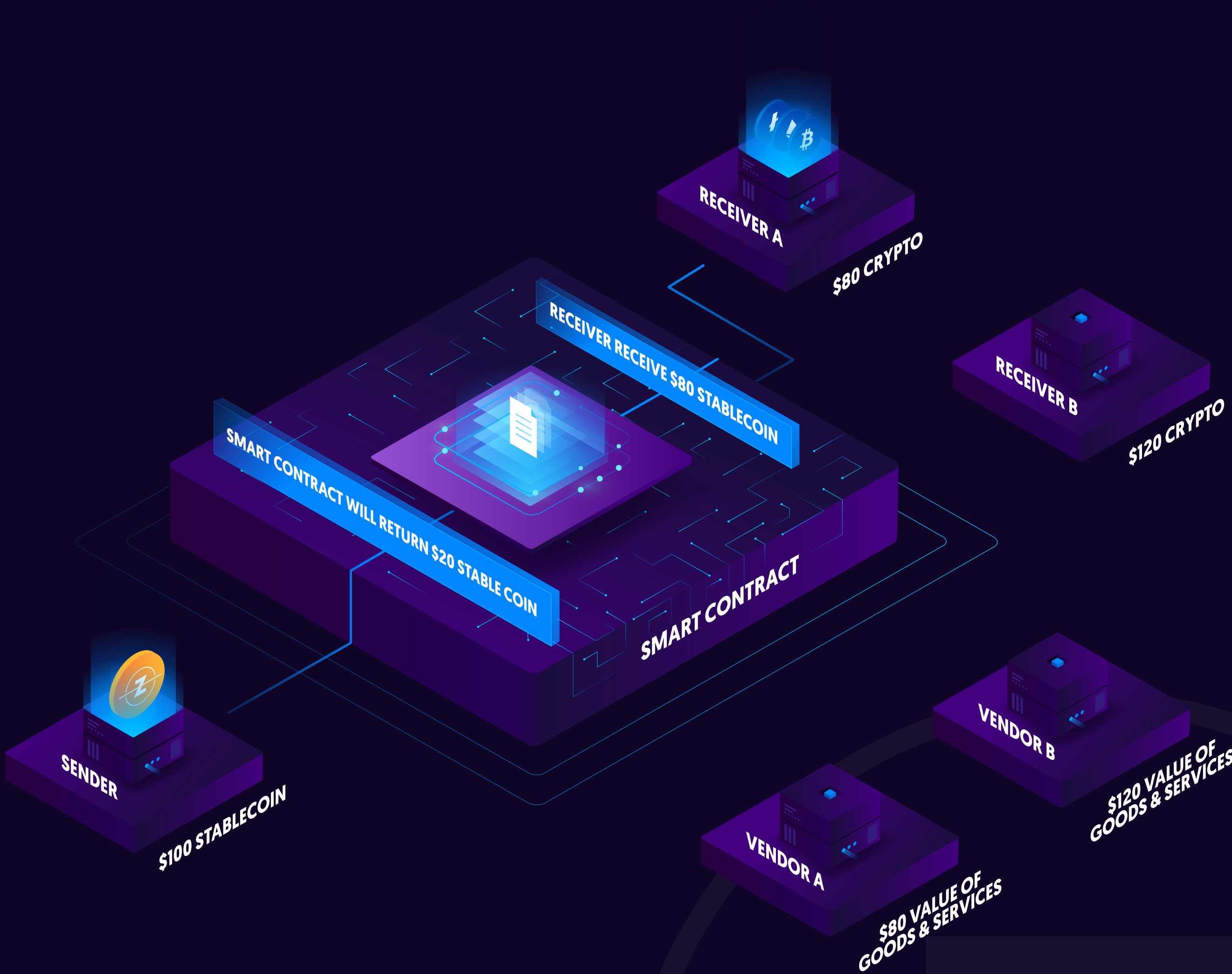
ELEMENT ZERO PAYMENT GATEWAY CHANNEL DEVELOPMENT

Merchants	Element Zero stablecoin accepted here
Payment Gateways	Integration to existing payment options

ELEMENT ZERO STO

From an economic perspective, the value of mass adoption lies in leveraging money in multiple ways, just like today's banks do. Element Zero will launch its' own stablecoin, the EZO coin, to provide widespread access to the payment network and stablecoin solution. Element Zero will leverage the EZO coin as a vehicle to drive mass awareness and adoption by offering discounts and other incentives during the STO to promote widespread use.

Algorithmic Stability Protocol



No Currency, Commodity or Collateral Needed

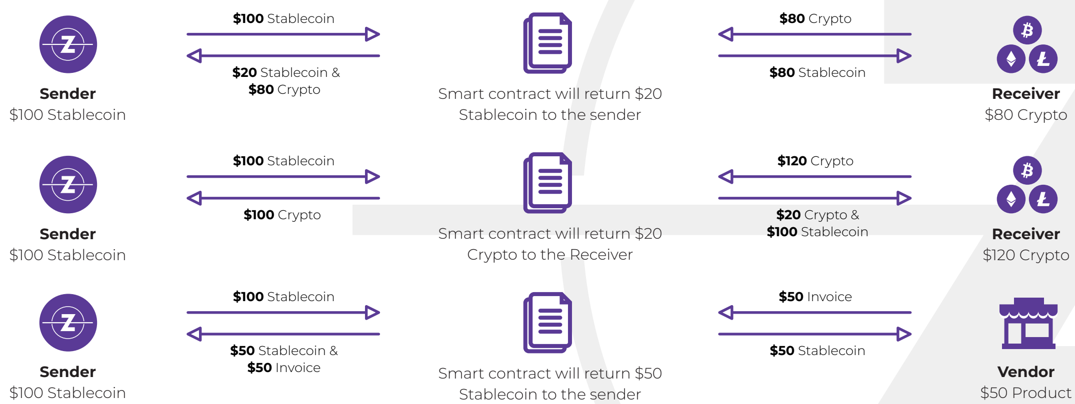
Element Zero does not use a currency peg or collateral or any predicting method to ensure stability. Element Zero's stability protocol it is based on a smart contract algorithm that is designed to completely eliminate the possibility for any volatility in the first place. This is achieved by preventing the user from selling the stablecoin above or below the current (fixed) face value. Unlike all other cryptocurrencies that can process a one-way transaction, this protocol is designed to process a two way transaction. On one side the sender can send a stablecoin to a receiver but on the other side the receiver must send back in return cryptocurrency or, an invoice or receipt with same value as the stablecoin. In the event that the value of the exchange does not match, the smart contract steps in to balance the face value between the sender and the receiver by returning the extra value to whom it belongs. The two-way nature of the smart contract means that the Element Zero stablecoin cannot be traded speculatively, since it's value is enforced.

For example, if user A pays $80 using cryptocurrency such as Bitcoin or ETH to purchase from user B Element Zero stablecoins at $100 fixed face value, the smart contract will send to user A only 80% of the stablecoins ($80/$100), the remaining 20% will be returned back to user B's wallet. The smart contracts work the same way when using the stablecoin to buy goods and services; the invoice or the receipt for goods and services must be equivalent to the fixed face value of the Element Zero stablecoins, if they do not match the smart contract will adjust to ensure that they do.

There is a +/-5% built-in buffer to account for small changes in the stablecoins value due to inflation. This simply means that the smart contract will not apply any changes as long as the transaction stays within this +/-5% range.

To further protect the system from abuse, the smart contract will implement a payload method function that runs across blockchain networks. This acts in the same way as an attachment on an email. Each block in the transaction chain will have an attachment or "payload." The information contained in the payload will be similar to the amount, receipt or invoice. This payload will allow a smart contract to verify and confirm the transaction for trade, goods and services are equal to the face value of the stablecoins being sent.

Two-way Transaction



Stablecoins for Goods and Services

Element Zero provides a new way of payment that is a leap ahead of the Amazon, PayPal and Visa payment processes. Stablecoins are ideal for buying goods and services and users have the added benefit of the escrow and arbitration features to provide trust between buyer and seller.

Escrow and Arbitration

Any person or organization can use Element Zero stablecoins to safely buy goods and services from unknown users or decentralized marketplaces using the escrow and arbitration features to establish trust that was previously unavailable.

For example, a buyer can use Element Zero stablecoins to purchase a TV from a private seller. However, the seller will not ship the TV until funds are deposited in a smart contract, which will release the funds to the seller once the third-party shipper (FedEx, for example) confirms delivery of the TV. But what if the TV that arrives is not the promised brand/model? And worse, what if the seller refuses to refund your payment? This is a dispute that can be solved with the escrow and arbitration smart contract feature.

How it Works

Every time a stablecoin is transferred from one wallet to another, the transfer automatically goes through a smart contract, which acts as an escrow of sorts. In a transaction where the receiving wallet accepts crypto as a return, then the transfer will be categorized as a sales transaction. The smart contract will process the transfer without delay—subject to a transaction fee. In a transaction between two wallets where no crypto is returned, it is considered a transaction of goods, services, or contribution. If prior to the transfer, the stablecoins are held in escrow by the smart contract, then it will be held for a predetermined time. If no predetermined time is set, then it will be processed without delay.

If there is an issue with the transaction, as long as the funds are in escrow, the sender and receiver can cancel the transaction or place a dispute on the arbitration smart contract. Once this happens, the arbitration process can begin.

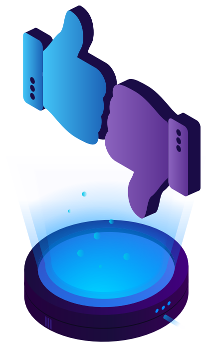
Escrow Fee

A very nominal escrow fee of 0.0005 will be charged on a daily basis for all transactions utilizing the escrow (escrow fee multiplied by the number of days). By doing this, the user has the option to pay zero escrow fees and the funds will be released to the receiver immediately. Alternatively, a user can pay an escrow fee to hold the funds for a longer term. In this case, 100% of the fees will go back to the Liquidity Reserve to support the stablecoin's liquidity.

Arbitration

If arbitration takes place, the smart contract will allow a limited number of users to participate as a jury to decide—by voting—which side (the buyer or the seller) has a stronger claim. The decision made by the jury will determine if the funds will be processed or returned to the sender.

At the point a request for arbitration is made, both parties are given the chance to explain their claim on the blockchain. Each party will send an arbitration fee to the smart contract to create an incentive for users to participate as jury members. The party receiving the most support in arbitration will receive their funds and their arbitration fee back (transaction fees will also be returned, since the transaction was not completed.)



To increase the chances of jury members choosing based on a consensus of the facts presented, only jury members that voted for the prevailing side will get paid. Over time, jury members will establish a history of their jury decisions, making acceptance in future juries something granted first to those users with a strong record of accepted fairness.

Private Smart Contracts

Using the Element Zero Smart Contract System, any Element Zero stablecoin holder can create a private smart contract, with the added trust of the arbitration and escrow protocols in just minutes. No complex expertise, systems or knowledge is necessary, meaning that sellers who were previously unable to compete in the e-commerce marketplace to now accept digital payments for their goods and services with ease.

Liquidity Protocol

The Best Way to Protect Liquidity from Crypto Crises

The cryptocurrency industry suffered during 2018, crashing and losing more than two thirds of its value. Therefore, stablecoins that are designed to hold a reserve for liquidity must protect that reserve with other asset classes that can overcome these crises. The best asset protection in the world is in government bonds, but since those are not yet available for trade over the blockchain, the next best strong asset class is commercial real estate. This is considered and also the most stable and to have the greatest protection against inflation.

To ensure the most robust liquidity model for Element Zero, the liquidity system will purchase commercial real estate asset tokens from Jointer.io (the creator of Element Zero). Jointer is a platform that allows the public the opportunity to invest in commercial real estate, by creating a new way of gaining high returns like owners, while minimizing risks like lenders. These tokens represent a return based on index performance of multifamily apartment markets, which many concede to be one of the strongest investment vehicles in the world that can overcome inflation.

Click here to read Jointer.io's whitepaper.

Decentralized Liquidity System

In order to prevent a single point of failure and be highly adaptive to changing market conditions, the Element Zero Liquidity System acts in a completely decentralized manner, using machine learning to manage all decisions. This includes the amount that should be held in the Liquidity and Holding Reserves, how many coins/tokens to hold of each cryptocurrency, how to invest the funds in the Holding Reserve and when to liquidate, as well as when to allow redemption and initiate circuit breakers.

Element Zero's liquidity system has two reserves, a Liquidity Reserve and a Holding Reserve. These are both managed by an Artificial Intelligence (AI) system. The Liquidity Reserve is a pool to support the on-going liquidity, and it allows users to contribute and redeem funds using widely accepted cryptocurrencies. The Holding Reserve consists of asset investments for steady, long-term growth and acts as a backup reserve, holding a large number of assets tokens. These asset tokens are based on conservative class assets, such as commercial real estate. The Liquidity Reserve and the Holding Reserve maintain a relationship based on lending and borrowing funds from each other to balance events due to high redemption or contribution demand.

Liquidity in Today's Banking System: A Hybrid Collateralized/Non-collateralized Method

Many years ago, banks used a collateral system based on gold. Clients would deposit gold into bank vaults and would receive "paper money" or a "note" in return. The notes stated the bank was holding the gold on behalf of the owner of the note. When the owner of the note wanted to redeem their gold, instead of physically obtaining the gold, they would simply sell their note to someone else and so on. The system worked because of people's trust in the note. It was based on a physical commodity, therefore honored by banks.

Over the years, banks have changed their system and stopped using gold as collateral. Today, banks function on a hybrid of collateralized and non-collateralized systems. When a bank receives a deposit from a customer, the deposit is leveraged multiple times and offered to other customers through banknotes (such as a loans). The main concern with the hybrid approach is what happens if all the clients want to liquidate their deposits at the same time (this scenario is called a "run on the bank"). Banks have identified three ways to mitigate this:

1. Maintain a liquid reserve to cover ongoing requests.
2. Reduce any liquidity pressure by selling loan notes to other banks. And,
3. In the case whereby the bank has to pay out on more notes than the available liquid funds allow, the bank can leverage their non-liquid assets and future income to borrow funds from the backup reserve at the central bank.

A Decentralized Liquidity System Based on a Hybrid of Collateralized/Non-collateralized Systems

A hybrid of a collateralized/non-collateralized system is essentially a system (similar to the banking system referenced above) that can effectively manage its liquidity when it does not have enough funds in the reserve to cover redemptions when notes are all the requested at the same time. The key to a successful liquidity system based on this hybrid system is creating a reserve large enough to support ongoing redemption requests, even if the cryptocurrency market crashes. This kind of reserve supports a strong level of trust amongst users and promotes the development of a significant secondary market where users can trade stablecoins between themselves, knowing there is always liquidity available.

Additionally, this method eliminates the potential for rumors to negatively impact the stablecoin's reputation. Even if there are Circuit Breakers with a daily redemption limit. As long as users are able to redeem coins in exchange for the current value of the stablecoin from the reserve, the liquidity of the coin itself is proof it will overcome any negative rumors.

How the System Maintains Liquidity

The Element Zero liquidity system is based on the following techniques:

1. Measuring Inflation and the Dollar Value

Element Zero uses API's (Application Program Interface) to measure the volatility of the Liquidity Reserve against the dollar from a set of leading exchanges, following the median buy and sell rates, or to conduct actual buy/sell orders on a daily basis, or as needed, with fractions of BTC (Bitcoin) and or ETH (Ethereum). Essentially, the system will use the average rate from the micro BTC/ETH trades to compare BTC and or ETH to all other top coins, thereby establishing the fair market Liquidity Reserve's value against the US dollar. The system will then measure the volatility of the Liquidity Reserve against inflation by following the Personal Consumption Expenditures (PCE) index and the Consumer Price Index (CPI) index. These checks and balances provide a multi-market assessment of the holdings.

2. Protecting Stablecoins from High Demand

With no cap on inventory, Element Zero stablecoins—can be purchased at any time, directly from the system at the current fixed face value of $100 before any adjustments for inflation. This reduces fear and eliminates panic from buyers in secondary markets in a case of high demand and low supply.

3. Protecting Stablecoins from High Supply

Users who want to sell or redeem their stablecoins will be able to do so within the system at current (fixed) face value, minus the transaction fees (discussed in #4 below) reducing fear and panic from sellers in secondary markets in the case of high supply and low demand.

4. Transaction Fees

The Element Zero platform allows the stablecoin partners to impose any transaction fee they choose. Revenues from transaction fees will be split, with 75% going to the stablecoin partner, and 25% to be streamed into the Liquidity Reserve to increase the liquidity of all the stablecoins' holders. In the case of the Element Zero EZO coin, 100% of the transaction fee will be deposited into the Liquidity Reserve.

5. Velocity

In order to preserve a sense of fairness for all users, the system will process all redemption requests pro-rata, once every 24 hours, and not on a first come, first serve basis—to combat "quick clickers" and people who try to beat the system.

6. Circuit Breaker

Slow and halt mechanisms are in place for periods when highly traded crypto coins such as BTC and ETH start to appreciate. This could indicate a lesser demand for stablecoins, which may lead to a significant increase in requests to exchange stablecoins for other cryptocurrencies.

With these checks and balances in place, the Element Zero system is designed to be strong enough to manage any level of redemption requests, even if all the holders want to redeem their stablecoins at the same time. Over the years, the system will gain income from transaction fees and interest rates from token asset that generate appreciation from real estate indexes, which can bring the ratio of the reserve to 1:1 against any stablecoin. Furthermore, once mainstream users—those who are not speculative investors or risk takers—start using stablecoins for both short and long—term holding the redemption ratio will reduce in the system. These market forces work to balance the system in an organic manner. But until this time, the Element Zero system is designed so as to trigger automatic Circuit Breakers in extreme situations, should they arise.

Circuit Breakers: AI Driven & Market Responsive

Element Zero's Liquidity Protocol employs a circuit breaker mechanism designed specifically to prevent, or at least minimize, the effect of a "run on the bank" scenario. The Element Zero Circuit Breakers impose a daily limit of 2% on processing redemption requests, which in turn reduces the pressure on the system. This daily limit creates a scenario encouraging users to use secondary markets for trading and purchasing goods and services. In uncertain periods, when there are unusual or extreme cases of high volumes of redemption requests due to a single event or a small group of whale investors with enough funds in the game to impact liquidity if they should sell or buy, the protocol will protect the reserve from such abuse by employing Circuit Breakers to slow down redemption requests. In severe cases, the protocol will force a halt for a short time, similar to when stock exchanges halt trading. In regular scenarios, an increased demand for redemption by a majority of the users usually happens when the cryptocurrency market is booming. This leads users to favor cryptocurrency over stablecoins and the protocol will create more liquidity by borrowing funds from the Holding Reserve.

Based on the liquidity, the smart contract will increase or decrease the transaction fee to users who redeem stablecoins from the system instead of secondary markets. This is to encourage users—especially those with significant funds—to redeem coins from secondary markets, reducing pressure on the Liquidity Reserve and allowing the system to better service the average users (users whose participation is greatly encouraged).

LEVEL 1

The system processes redemption requests once every 24 hours, pro-rata, with a daily limit of 2% from the Liquidity Reserve.

LEVEL 2

The system will decrease the 2% redemption rate, based on the following formula: Current value of Liquidity Reserve divided by its value in the last 24 hours, multiplied by the 2% redemption limit.

$$\text{Last Redemption \% rate} \times \frac{\text{Current Value of Liquidity Reserve}}{\text{Previous day's Liquidity Reserve Value}} = \text{New Redemption \% rate}$$

At the same time the system will be adjusting the transaction fee that is related to the redemption of stablecoins from the liquidity reserve based on the following formula:

$$\frac{\text{Redemption Rate}}{\text{New Redemption \% Rate}} \times \text{double transaction fee}$$

LEVEL 3

If the Liquidity Reserve has extra funds available, they will be lend to the Holding Reserve. When the Liquidity Reserve has less than the minimum Liquidity Coverage Ratio (LCR), it will borrow funds from the Holding Reserve, using bond tokens (read more about bond tokens below).

Liquidity Circulation

In addition to encouraging users to trade their stablecoins on secondary markets, the Element Zero protocol will maintain the Liquidity Reserve by creating a fluid relationship with the Holding Reserve. This allows for funds to move to the Liquidity Reserve when needed.

The fluidity between the two reserves is based on these rules:

Liquidity Coverage Ratio (LCR)
30-day stress-period redemption

Minimum Balance in the Liquidity Reserve
LCR divided by 30% (represents 70% potential crypto crash) = 3.33 LCR

Bond Tokens

Element Zero's Liquidity Protocol maintains bond tokens to act as an intermediary between the Liquidity Reserve and the Holding Reserve. Since the asset tokens held in the Holding Reserve have a high ROI target return, it becomes more advantageous to borrow against them at a much lesser cost, compared to selling those asset tokens and losing higher profits (lenders may be prepared to lend funds at a 6-10% interest rate over investing directly with higher risk). Bond tokens guarantee to individual and institutional accredited investors a fixed return coupon, backed by a first position, held over both the Liquidity Reserve and the Holding Reserve.

Bond tokens are created automatically by the machine learning system every time the funds in the Liquidity Reserve are not enough to keep up with the LCR.

Bond tokens are made available to accredited investors and institutional investors. To further encourage support of Bonds, Bond tokens will also be available for purchase under an auction, where the lowest coupon bidder will get the first right of refusal.

Bond Auction

If bond tokens mature and the machine learning mechanism calculates insufficient funds in the Liquidity Reserve to address the LCR and pay off the bonds, the AI system will force the Holding Reserve to auction off asset tokens. This creates further liquidity for the Liquidity Reserve. This solution will remove the traditional requirement for investors to deal with court orders or force foreclosure in order to liquidate assets when bonds are not paid on time. We believe that the risk of a "haircut scenario", where there is a drop in the financial assets supporting the loan, is the closest it can be to being eliminated on the Element Zero platform. This is because the bond tokens are backed by both the Holding Reserve that holds the commercial real estate assets tokens, and the Liquidity Reserve that stores the income streams in the system.

Attack Prevention Protocol (51%)

Problem

Any investor can purchase more than 51% of tokens to acquire the network. With 51% or more the investor can control the network.

Solution

To prevent this type of attack, a smart contract will mint an equal number of tokens to be assigned to a system wallet when any investor purchases the token. . So, for every purchase the total supply will be updated like this:

Total Supply = Total Supply + (Number of Purchase Tokens X 2)

The same logic will be applied when an investor token is destroyed or burned. With this protocol in place, no investor intentionally or unintentionally will acquire more than 50% tokens out of total supply. The system wallet will be like a secure vault without any key to access it. The Element Zero smart contract exclusively can access the wallet and perform two functions; create or destroy tokens. Any tokens that leave the wallet are automatically destroyed.

Decentralized Control

Element Zero has been structured with the intent to survive far into the future and be of benefit to the public versus small wealthy groups or shareholders. Element Zero's structure is such that the control of the is shared with the public so that no far-reaching decisions can be made by only one individual or group.

1. Completely eliminate the options for dividends or benefits for shareholders and others. 100% of the income will be kept in the Liquidity Reserve. The company will have a small monthly budget of no more than 0.2% of the value of the reserve to fund the company's operational needs.

2. Element Zero is organized as a non-stock membership organization controlled by stablecoin holders around the world. This is done in a way that each unique stablecoin holder will have the same right as others to vote and affect company decisions. Voting will take place using smart contracts.

3. Stablecoin partners such as governments, vendors, and companies, will act as directors with extra rights to act as part of a small committee that can make ongoing suggestions and vote for ongoing decisions which do not require a special majority. In the case of essential decisions requiring a special majority, the vote will be open to the public holders of those stablecoins. Jointer, as the founder of Element Zero, will act as director as well (like any other stablecoin creators), with a right of veto exactly like US, China, or Russia has in the UN in order to resist bad decisions that may arise over the years by other directors. An example of this would be the risk of turning Element Zero into a for-profit organization with share profits.

Element Zero Roadmap

2018 Q2

- Design, Document & Test Element Zero Stability Protocol
- Design, Document & Test Element Zero Liquidity Protocol
- Payment Network Design
- Design and document Element Zero Arbitration Protocol
- Design and document Escrow Protocol

2018 Q3

- Add Business Operations role
- Identify top tier advisory board members
- Research and assess regulatory requirements
- First draft of Element Zero White Paper

2018 Q4

- Continued regulatory research and assessment
- Add Marketing, Operations, Community Manager and Business Development roles
- Identify more top tier advisors
- Design high-level turn-key platform
- White Paper V1 completed
- Activate system development team
- Begin blockchain development
- PR Launch of project

2019 Q1

- Finalized Legal Regulation & Tax structure and documents
- Continued blockchain development
- Launch V1 of website
- Launch Pre-signup/referral networking
- Launch Pre-signup reserve stablecoin symbol
- Release stablecoin Test Net demo
- PR Launch for Ambassador Program
- PR Launch for stablecoin Test Net

2019 Q2

- Continued blockchain development
- PR for vendors pre-signup
- Release CartBox wallet Test Net demo
- Launch Pre-Sale - 6 months (open to Reg D 506 (c) & Reg S only)

2019 Q3

- PR & Speaking Events
- Launch EZ as a public company (S1)
- Register security tokens as blue sky and SEC in all 50 US States
- Code auditing
- Security test and audit

2019 Q4

- Launch STO – 365 days (open to everyone including non- accredited investors)

The Story Behind Why Element Zero is Giving Back to World

Element Zero's founder, Jude G. Regev, grew up in Israel in a middle-class family where no matter how hard his parents worked, they seemed to barely survive their financial responsibilities. For decades, they woke up every morning to yet another day of survival, paying their taxes, following the rules, and trying to stay optimistic about the future. They continually had hope that something would change for them.

But life moved on so fast that without noticing it, they became too old and the optimism they had in their youth disappeared. They had to face a cold reality that much of the rest of the world already knew, that even with all their hard work a middle-class family they could never keep up with the increasing costs of living. And the ability to find a job or keep working faded until it completely disappeared. From that point on, they feared the last thing every decent person would want, they became dependent on government programs and, even harder, dependent on their own kids to survive.

Jude saw this unfold and will never forget how his parents refused financial support from their kids, although he and his siblings wanted to help. They were determined and believed that after all their years of work, at least few support from the government would arrive, keeping them independent and proud. But time and again, the optimism they had in the system was crushed. Forced to beg for government's help, the system turned hard on them and treated them like insurance companies treat their clients when they submit a claim, hoping they will give up first due to the misery of bureaucracy.

These events broke his parents' spirits, and it did not take long until their bodies responded with high stress and health issues.

Jude and his siblings still support his parents today, but no matter how much money they give them, nothing can give them back their self-respect or their shattered optimism. On reflection, for Jude's parents, as a middle-class family, it was always a lost cause, a race against time losing to the inevitability of inflation. This is the same race many other families around the world are losing to every day.

After Jude realized there is a high chance Element Zero stablecoins may become a powerful worldwide currency, he immediately understood that no matter how much Element Zero could be worth, it can never be controlled by a small group of rich people or few governments. It must be a not-for-profit organization and it must belong to the citizens of the world, all in the hope that it will help reduce the financial stresses for other families and individuals, while helping those in need by channeling net profits to non-profit organizations dedicated to social good.

Regulatory Compliance

Legality of Element Zero Stablecoins

All Element Zero stablecoins are security tokens that act as a note with an inflation return equal to a minimum of 3% a year. The stablecoins must comply with all SEC and tax regulations. This includes being subject to audits and also verifying that Element Zero stablecoins adhere to country regulations regarding accredited investors.

According to our SEC advisors, all stablecoins in the industry that manipulate their coin value by controlling supply and demand are considered a security based on the SEC regulations. This is a result of them being sold as an investment with the expectation of providing a return to the purchaser (keeping the coin stable at $1.00 is still considered a profit due to loss prevention).

Even if a coin or token does not generate any profits or changes in value, it can still be considered a security. For example, if you can move your volatile currency into a token and the value of the token does not change, but the value of your currency falls, then relative to your situation there has been an appreciation. The token is, therefore, an investment. As such, it is a security token. The stability of the coin or token creates the appreciation; therefore, a stablecoin company that sold a security without complying with the regulation may be in violation of the law, exposing their company to the potential risk of a class action lawsuit.

Regulations Element Zero is Complying With

Rule 506(c) of Regulation D, Section 201(a) of the JOBS Act

Section 201(a) of the JOBS Act requires the SEC to eliminate the prohibition on using general solicitation under Rule 506. This rule indicates that where all purchasers of the securities must be accredited investors and the issuer will take reasonable steps to verify purchasers are accredited investors.

To implement Section 201(a), the SEC adopted paragraph (c) of Rule 506. Under Rule 506(c), issuers can offer securities through means of general solicitation, provided that:

All purchasers in the offering are accredited investors;the issuer takes reasonable steps to verify their accredited investor status; And, certain other conditions in Regulation D are satisfied.

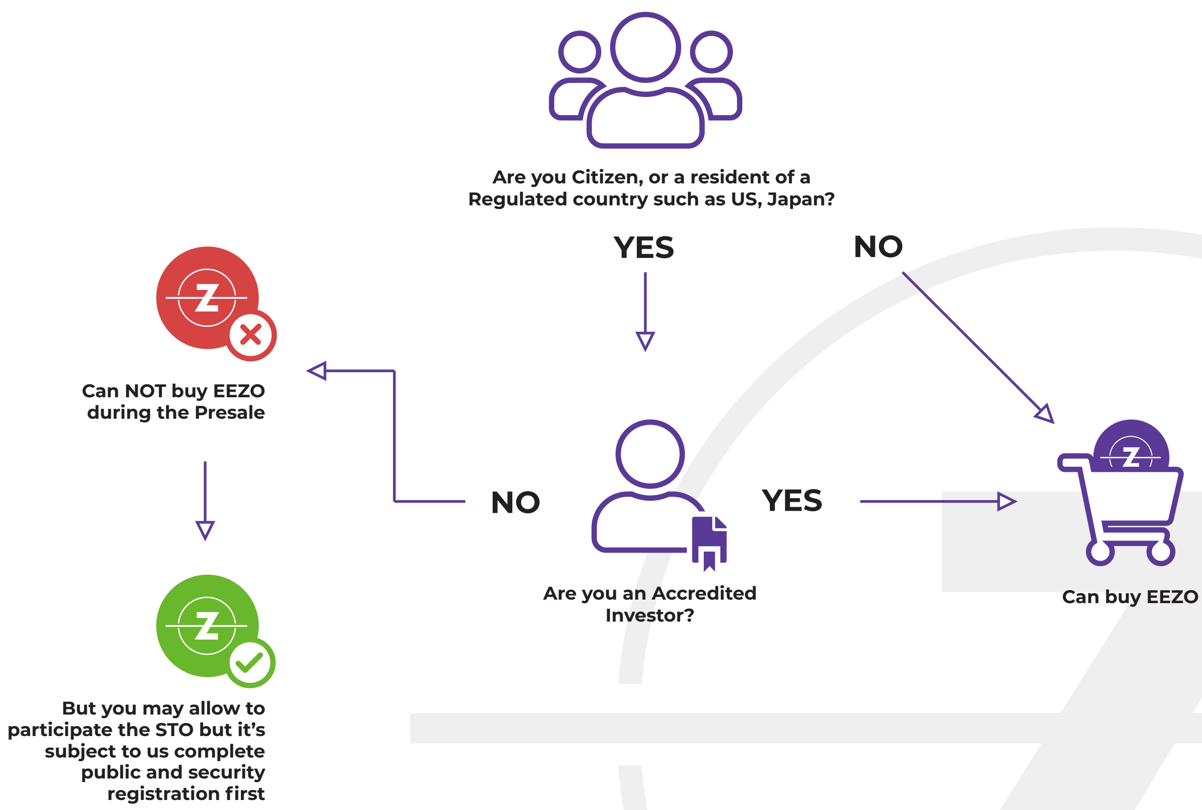
Non-Accredited Investors

In regulated countries such as the US, there are two options for non-accredited investors to buy Element Zero stablecoins:

1. Purchase them from an accredited investor, via a security exchange in the secondary market. In this situation, accredited investors are subject to holding their stablecoins for 12 months before they can sell them to non-accredited investors.

2. Once Element Zero completes the registration of its public offering of stablecoins (Element Zero intends to complete its registration prior to the start of the STO), and those securities are registered with the SEC and the 50 states, anyone will be able to buy and sell the registered stablecoins.

Note: Non-accredited investors from non-regulated countries can freely purchase our stablecoins without restriction. To check if your country has regulations consult with your local legal representative.



Offshore Offer—Reg S

Regulation S is a safe harbor regulation that defines when an offering of securities is deemed to be executed in another country, therefore not subject to the registration requirement under Section 5 of the 1933 Act. The regulation includes two safe harbor provisions: 1) are issuers safe harbor, and 2) are sales safe harbor. In each case, the regulation demands that offers and sales of securities be made outside the United States and that no offering participant (which includes the issuer, the banks assisting with the offer and their respective affiliates) engage in "directed selling efforts."

In the case of issuers whose securities are of substantial US market interest, the regulation also requires no offers and sales be made to US persons physically located outside the United States.
Read more about it.

Securities Act of 1933—S-1

SEC Form S-1 is the initial registration form for new securities required by the SEC for public companies. Any security meeting the criteria must have an S-1 filing before shares can be listed on a national exchange. Form S-1 also requires companies to provide information on the planned use of capital proceeds, detailing the current business model and competition, while also providing a brief prospectus of the planned security, itself, which includes price methodology and any dilution that will occur.
Read more about it.

Blue Sky Laws

Each state has laws that apply to the issuance and trading of securities. State securities laws are called “blue sky laws.” Most states require those broker-dealers and their representatives who conduct business in their state to register with the state's securities administrator. Each state's securities administrator has the power to revoke a broker-dealer's registration or any representatives license if either one has violated the state's securities laws. Securities must also be registered in the state before they may be sold there.
Read more about it.

KYC/AML

Opening an account with Element Zero requires registered parties to follow legal regulations that include both secure KYC (Know Your Client) and AML (Anti Money Laundering). Both the KYC and AML processes will be completed by our partner.

Thank you

This white paper is designed to educate potential partners and stablecoin owners about the stablecoin market, its risks and advantages. We know that this paper may not be completely clear to all and we are doing our best to improve the next version based on your comments and feedback. If you have questions or feedback, please contact us at marketing@elementzero.network

Risk Factors

Risks Related to the EZO Coin

There is no existing trading market for the EZO Coin and an active trading market may not develop.

The EZO Coin is a new issuance of digital currency for which there is no existing public market. Although we may seek quotation of or to list EZO Coin on a national securities exchange, OTC markets, or an alternative trading platform registered with and regulated by the SEC for trading in cryptocurrency, there can be no assurance that EZO Coin will ever be approved for such listing or quotation on any trading platform. The ability to list or have EZO Coin quoted on a national securities exchange, OTC markets, or an alternative trading platform registered with and regulated by the SEC for trading in cryptocurrency will first require the registration of the EZO Coin under the Securities Act of 1933, as amended (the "Act"). As discussed further below, there can be no assurance that such registration will occur. Additionally, as of the date of this White Paper, there are no exchanges registered with the SEC on which EZO Coin may be traded, and there is no guarantee that any such exchanges will be available in a timely manner, or at all. Furthermore, even if EZO Coin is quoted on or listed with such exchanges or platforms, there can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide the holders with sufficient liquidity for their investment or that it will continue for the life of the EZO Coin. Therefore, you may be forced to hold EZO Coins for an extended period of time, or indefinitely, without any prospect of selling them. The liquidity of any market for EZO Coin will depend on a number of factors, including, but not limited to:

- The Company's ability to develop its business operations and execute its business plans;
- The Company's performance and financial condition;
- The general market conditions for similar digital tokens;
- The number of EZO Coin holders;
- The interest of traders in making a market in EZO Coins;
- Regulatory developments in the digital token or cryptocurrency industries; and
- The acceptance of customers of our software application and blockchain products.

The digital token industry is a nascent and rapidly-evolving market, and the market is subject to substantial and unpredictable disruptions over which we have no control. We cannot assure you that the market, if any, for the EZO Coin will be free from such disruptions or that any such disruptions may not adversely affect your ability to sell or transact in your EZO Coins. Therefore, we cannot assure you that you will be able to sell or transact in your EZO Coins at a desirable time.

EZO Coins are not equity securities and holders of EZO Coins will have no governance rights and no ownership interest in Element Zero. Our affiliate company, Jointer, will effectively manage Element Zero and there may be conflicts of interest.

Unlike a traditional equity interest in a corporate entity, EZO Coins have no management or governance rights in Element Zero. Our affiliate company, Jointer, and its ownership and management will effectively manage Element Zero. For the foreseeable future, the managements of Element Zero and Jointer will have control over major corporate decisions involving Element Zero. As a holder of EZO Coin, you will not have any right to control or direct the operation of Element Zero, nor will be you able to influence or affect the election of directors and appointment of management members of Element Zero. Accordingly, there is a risk that there will be situations when the interests of Jointer and Element Zero and their owners, management and affiliates will conflict with the interests of EZO Coin holders.

Furthermore, EZO Coins do not represent ownership interest in Element Zero. EZO Coin does not include any liquidation rights. It is possible that, due to any number of reasons, including, but not limited to, the inability of Element Zero to establish a viable stablecoin, untimely entry to market, our inability to establish the utility of EZO Coin, the failure of commercial relationships, or intellectual property ownership challenges, Element Zero may no longer be viable to operate. Thus, Element Zero may dissolve or take actions that result in the liquidation of the company. Holders of EZO Coin will have no rights or interest in any assets or profits of Element Zero, including in the event of insolvency, liquidation or dissolution of Element Zero, which may render EZO Coins valueless.

The asset classes and/or commodities comprising the collateral pool against which the EZO Coin is stabilized may change and are subject to the risks associated with an investment in such asset classes and/or commodities.

The reserve to support redemptions of EZO Coins is currently contemplated by Jointer to be comprised of multi-family residential real estate but is subject to change in the future. The investments in these assets may be sensitive to movements in related markets or the economy in general. Accordingly, the values of these assets are subject to substantial fluctuation and volatility, and management of EZO Coin may not be able to control or hedge against these fluctuations effectively. Once we commence operations, there can be no assurance that the asset investments held in the Holding Reserve will be able to generate sufficient returns to pay our operating expenses and create sufficient liquidity to satisfy redemption requests. For instance, if the assets comprising the collateral pool remain multi-family residential real estate, our results of operations and our ability to satisfy redemptions will depend on several factors, including, but not limited to, the availability of opportunities to acquire attractive assets, the level and volatility of interest rates, the availability of adequate short and long-term financing, conditions in the real estate market, the financial markets and economic conditions and the occurrence of natural disasters. Any occurrence of adverse changes in or declines in the value of the real estate market, or any asset classes or commodities hold by the reserve, may have a material adverse effect on the operation of our liquidity protocol.

Our network and systems may encounter security breaches, which may cause users and customers to curtail or stop using our products and services, and may cause us to incur significant losses and costs.

The anticipated products and services of Element Zero will involve the storage and transmission of proprietary information and data representing valuable consideration in our facilities and equipment, networks, and corporate systems. Security breaches or other unauthorized access or actions expose us to risks of theft of user data, regulatory actions, litigation, investigations, remediation costs, damage to our reputation and brand, loss of user and partner confidence in the security of our products and services and resulting fees, costs, and expenses, loss of revenue, damage to our reputation, and other potential liability. Outside parties may attempt to hack or attack our online platforms. In addition, hardware, software, or applications we procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise network and data security.
Systems and software implemented by us or our partners may contain security vulnerabilities, or may be implemented improperly due to human error or limitations in affected systems. Security breaches or other unauthorized data disclosure, acquisition or access may result in significant legal and financial exposure, increased remediation and other costs, damage to our reputation, and a loss of confidence in the security of our products, services, and networks that could have a significant adverse effect on our business.

To the extent that the computer/program code and algorithms setting the features and operation of EZO Coin contain errors, or use unsafe algorithms, these errors may result in losses to investors and substantially diminish the value of EZO Coins.

As with any other computer code, the computer code and algorithms setting the features of EZO Coin may contain certain errors, flaws or use unsafe algorithms. Flaws or exploitations in the source code of EZO Coin may allow malicious actors to take or create money in contravention of the terms and provisions of our EZO Coin. We may not be able to quickly and adequately address and correct these flaws and exploitations. This may result in losses to investors and substantially diminish the value of EZO Coin. Furthermore, in the event errors occur in the codes, investors do not have any contractual rights to recover losses or damages from Element Zero or Jointer.

The Ethereum blockchain upon which we intend to base EZO Coin is subject to the risk of cyber-attacks.

As with other distributed ledger technologies, we believe that the Ethereum blockchain that we intend to use as the basis for EZO Coin is susceptible to mining attacks and other cyber-attacks. Any successful attacks on the Ethereum blockchain may disrupt the proper execution and sequencing of transactions and contract computations, which could have an adverse effect on the utility and value of EZO Coin. Although we believe that we can reduce or eliminate the risk of mining and other cyber-attacks by relying on the implementation of security measures, there can be no assurance that such measures will successfully defend against known or novel mining attacks.

Risks Related to Our Business

Investments in startups such as Element Zero involve a high degree of risk, and purchases of cryptocurrency such as EZO Coin may involve an even higher degree of risk.

Startups such as Element Zero face significant financial and operating risks. Further, the cryptocurrency market in which Element Zero competes is highly competitive, and there are others who are seeking to or have created stablecoins using blockchain technology. The percentage of startup companies that survive and prosper is small and is likely smaller for those startup companies involved in the development and implementation of blockchain technology. Startups often experience unexpected problems in the areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved. In addition, cryptocurrency markets are generally highly regulated and may be highly taxed by governmental bodies presently or in the future, and further regulation may render Element Zero's business objective impossible to achieve or obsolete. If Element Zero's business fails or does not become profitable, you may not realize the expected returns on your investment. An investment in EZO Coins should only be considered by persons who can afford a loss of their entire investment.

We have no operating history and, if our business plan does not succeed, you may not receive any investment return from your ownership of EZO Coin.

Element Zero, along with its affiliates, is a newly-created entity with no operating history. While our officers, directors and advisors may have business and economic experience or expertise in the commercial real estate industry and in developing blockchain technology, they have not previously operated a scaled business similar to that of our intended operations or purpose. Element Zero's lack of operating experience in the creation and distribution of stablecoin technology may make it difficult to forecast and evaluate future prospects. Furthermore, we cannot provide assurance that we will succeed in developing the stablecoin algorithms or protocols, the blockchain technology on which EZO Coin is based or the payment processing platforms underlying EZO Coin, and the failure to do so will adversely affect your ability to receive an investment return.

We expect to incur losses prior to achieving any investment returns and we may require significant additional financing prior to becoming operational and/or to achieving investment returns.

Element Zero and Jointer, Element Zero's affiliate company, are recently-formed companies and they have not yet commenced operations. Element Zero is subject to all of the risks and uncertainties associated with any new business, including the risk that it will not achieve its operational or investment objectives. The development and distribution of new cryptocurrencies requires significant resources and commitment, and even if Element Zero is able to develop its business and create a fully-functional network upon which EZO Coin can operate, there is no assurance that we will be able to market and sell the EZO Coin to investors and generate sufficient revenue to cover our expenses and implement our business plan. If Element Zero is unable to execute its business strategy as a result of any inability to effectively manage its business for any reason, the Company's prospects, financial condition and operating results may be harmed.

In addition, startups may require substantial amounts of financing, and Element Zero may require significant additional capital contributions in order to meet our financing needs. We may not be able to access such capital requirements through private placements, the public markets, banks or otherwise, and any financing we are able to obtain may not be on terms that are favorable to Element Zero or to investors in this offering.

We face intense competition, including from present and future alternative stablecoins, and may not be able to compete effectively with other companies, many of which have greater resources and established operations.

Our lack of operating history and limited resources may make it difficult for us to compete with other providers of cryptocurrency products and services or other stablecoins, some of whom have greater resources, longer operating history and more-established reputations. Financial services in cryptocurrency and stablecoins are rapidly evolving and have recently attracted widespread attention from entrepreneurs, technology companies, financial services institutions and governments, and we expect that in the foreseeable future many companies will enter the markets in which we intend to compete. With the limited resources we have available and the competition from existing and future competitors, Element Zero may experience great difficulties in building EZO Coin, attracting investors and establishing itself as an alternative currency. Even if Element Zero is able to launch EZO Coin, competition with greater resources or reputations may hinder our ability to maintain or expand our business.

Several other stablecoins currently exist or are under development. It is possible that alternative stablecoins could be established that facilitate services that are materially similar to that of EZO Coin. Such alternatives may utilize the same or similar protocols underlying the EZO Coin, operate more effectively or gain greater market acceptance for any number of reasons. Element Zero may compete with these alternative networks, which could negatively impact our results of operations, your ability to realize an investment return or to trade in EZO Coin. There can be no assurance that Element Zero will be able to compete successfully against present or future competitors or that the competitive pressures it may face will not force Element Zero to cease operations.

The market for transacting in cryptocurrencies is new and rapidly evolving, and Element Zero may not succeed as a viable business.

The distribution, trading, exchange and transfer of cryptocurrencies and other digital assets are a new phenomenon and their usage and practicality have not been widely-tested or accepted. The market opportunity for transacting in cryptocurrencies is uncertain. Even if we are able to develop an effective and efficient stablecoin, the market may be skeptical of the EZO Coin and unwilling to adopt it as an alternative form of payment or medium of exchange. Furthermore, if EZO Coin does not gain a large enough user base to enable EZO Coin to operate as intended, it may prevent us from successfully launching EZO Coins.

The EZO Coin is intended to serve the function of a decentralized digital payment system that is impervious to market fluctuations and instabilities. Accordingly, the EZO Coin is characterized by complex processes that may not be well-understood or accepted by market participants. Our ability to raise the recognition and reputation of EZO Coin is critical to widespread adoption of the EZO Coin as an alternative to fiat or other cryptocurrencies. Additionally, Element Zero and EZO Coin are subject to significant challenges and risks that are unpredictable and unforeseeable. Some of the risks and challenges EZO Coin may face include, but are not limited to:

- Worldwide growth in the adoption and use of blockchain technologies;
- Uncertain legal status of cryptocurrency; as well as government and quasi-government regulation of blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- Lack of transparency and accurate information in the identities of owners of cryptocurrencies; Speculative and fraudulent activities by vendors, customers and investors;
- Failure to develop efficient and effective technologies and systems for our services; Competition from other stablecoins or alternatives to fiat currency;
- Unforeseeable technical difficulties;
- Security breaches of our online and digital platform;
- Unfavorable media coverage or public perception of our business activities; and General economic conditions.

If we cannot eliminate or mitigate any of these risks, we may not be able to commence or sustain Element Zero and EZO Coin and your investment in EZO Coin may not produce the anticipated benefits or returns, if any at all.

We may not be able to develop an effective or commercially-viable stablecoin or to obtain market acceptance.

Element Zero was established to develop, market and commercialize EZO Coin, a new stablecoin product that functions as a stable, decentralized cryptocurrency. To-date, however, Element Zero has not fully-developed EZO Coin, the stability machine learning protocol, the VR/MR/AR payment processing and other platforms, the Holding Reserve. Further, the Element Zero protocol may not adequately increase the value of EZO Coin to overcome the rate of inflation and provide investors a return on their investment. The development of such product requires significant resources, time and expertise from our management and technical team. We expect to incur substantial costs in research and development before any product is fully functional, and developments in the cryptocurrency industry may render obsolete any product we create. We may encounter technical and financial difficulties that may delay or entirely derail our anticipated operations.

We could incur substantial costs in protecting or defending our intellectual property rights, and failure to do so would adversely affect our business plan.

Element Zero's success depends or will depend, in part, on our ability to protect our brand and the proprietary technologies that we develop. We rely, or intend to rely, on trade secret, patent, copyright and trademark laws [and confidentiality agreements with employees and third parties] ("IP Rights"), all of which offer only limited protection. We may not be issued any IP Rights and any IP Rights that have been issued, or that may be issued in the future, may not provide sufficient protection for our intellectual property.

Further, we could be required to spend significant resources to monitor and protect our intellectual property rights. Such activities could be costly, time-consuming and distracting to management, result in a diversion of resources, lead to the narrowing or invalidation of portions of our IP Rights and have an adverse effect on our business, results of operations and financial condition. Our efforts to enforce our intellectual property rights may not be successful. Any of our IP Rights could be challenged by others or invalidated through administrative process or litigation.

In addition, the laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

Our means of protecting our intellectual property and proprietary rights may not be adequate or our competitors could independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights from infringement or misappropriation, our business, results of operations and financial condition could be adversely affected.

Element Zero may in the future be sued by third parties for various claims, including alleged infringement of proprietary rights.

The digital currency industries are characterized by the existence of a large number of patent, trademark, copyright and trade secret protections for proprietary information. While Element Zero and Jointer have not been the subject of allegations of infringement of any such protections, they may in the future be sued by third parties for alleged infringement of their claimed proprietary rights. Our technologies may be subject to injunction if they are found to infringe the rights of a third-party or we may be required to pay damages, or both.

The outcome of any claims or litigation, regardless of the merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, whether through settlement or licensing discussions, or litigation, could be time-consuming and expensive to resolve, divert management attention from executing Element Zero's business plan, result in efforts to enjoin Element Zero's activities, lead to attempts on the part of other parties to pursue similar claims and, in the case of intellectual property claims, require Element Zero to change its technology, change business practices, pay monetary damages or enter into short- or long-term royalty or licensing agreements.

Any adverse determination related to intellectual property claims or other litigation could force Element Zero to substantially change or alter the proprietary information or technology underlying EZO Coin or could entirely prevent Element Zero from offering its services to others, thus substantially impairing or completely eroding the value and utility of EZO Coin.

Our current executive officers and other key personnel] are critical to our success, the loss of [any of] which could harm our business, and the ability to recruit, retain and develop key employees is critical to our success and growth.

Element Zero's operations, and those of our affiliate company, require certain expertise and intellectual capital, particularly within our management team and key employees. We are heavily dependent upon the contributions, talent and leadership of our current senior management, particularly our founder and chief executive officer, Jude Regev. We face significant competition worldwide for individuals with the aptitude to develop and operate our business and we may not be able to attract or retain these employees. The failure to attract or retain these individuals could have a material adverse effect on our business and operations.

Risks Related to Legal and Regulatory Matters

The SAFT and EZO Coins are subject to significant transfer restriction, and you may not be able to transfer or sell any EZO Coins.

The SAFT and EZO Coins issuable upon conversion of the SAFT have not been registered under the Act, the securities laws of any state or the securities laws of any other jurisdiction and therefore cannot be resold in the U.S. unless an exemption is available. This means that prior to the registration of your EZO Coins under the Act, you must hold the SAFT, and if applicable the EZO Coins, for one year prior to transferring or selling them to non-accredited investors in the U.S. Furthermore, if you are a non-U.S. person and purchase a SAFT or EZO Coins outside of the U.S., you are subject to a distribution compliance period (generally one-year) during which you will not be able to sell the SAFT and EZO Coins into the U.S. These restrictions may adversely affect your ability to resell EZO Coins or the price at which you may be able to resell them, if at all. In addition, each purchaser will be required to represent that it is an accredited investor under Regulation D of the Act and that it is acquiring the SAFT and the underlying EZO Tokens for investment purposes and not with a view to resale or distribution. Further, each holder of a SAFT and the underlying EZO Coins must represent that it will only sell or transfer the SAFT and the underlying EZO Coins in accordance with the restrictions set forth in the SAFT. Consequently, you must be prepared to bear the risk of an investment in the SAFT or EZO Coins for an extended period of time.

We may face challenges and difficulties difficulties in registering EZO Coins issued under the SAFT with the SEC.

The SAFT requires us to use best efforts to enter into registration rights agreements with holders of a SAFT to register under the Act, the EZO Coins issued upon conversion of the SAFT. However, as of the date of this White Paper, the SEC has not declared effective any registration statement for the issuance and sale of digital tokens, and we expect the SEC to impose a higher standard of scrutiny to the review of any registration statement on Form S-1 [or Form S-11] that we file for the resale of EZO Coin. Due to the relatively novel nature and lack of precedence in the registration of public token sales, as well as the inherent uncertainty in the regulatory environment for STOs, we may face significant difficulties and obstacles in the registration process, which will cause extended delays in obtaining an effective registration statement. We cannot guarantee that the SEC will ever declare effective any registration statements that we file for the resale of EZO Coin. If we are not able to file or effectuate a resale registration statement under the Act on a timely basis, or at all, then you will not be able to sell or transfer your EZO Coins to non-accredited investors in the U.S., and your investment will be adversely affected.

We may be unable to identify trading markets or comply with regulatory requirements for secondary trading in EZO Coins.

In the event Element Zero seeks to register EZO Coin under the Act, the transfer, settlement and record-keeping of ownership EZO Coin may require the participation of an SEC-registered transfer agent, and very few existing transfer agents have the capability or infrastructure to handle the transfer of digital assets, including EZO Coin. Furthermore, there is little precedence on how to apply existing federal and state securities laws on the transfer of digital tokens when the tokens are recorded on a distributed ledger available to the general public. Since there is currently no SEC-regulated secondary market for trading of EZO Coin, we may be required to comply with the Blue Sky laws for each State in which secondary trading is to occur. An exemption from the Blue Sky laws may not be available in each state, and the Blue Sky filing process can be time consuming and costly. Additionally, there can be no assurance that we will be able to successfully obtain Blue Sky clearance in all the States where investors reside. Investors residing in States where we have not received Blue Sky clearance will have limited ability to resell their EZO Coins in or from those States. Furthermore, holders of EZO Coin have no registration rights; therefore, we are not required to register any secondary trading of EZO Coin under the rules and regulations of the SEC. The inability to trade your EZO Coin in the secondary market may have an adverse effect on your ability to dispose of or transact in EZO Coin.

We are subject to significant uncertainty in the regulatory framework for digital tokens, blockchain technology and coin offerings, and future regulation may adversely affect the value of EZO Coin.

Regulation of digital tokens (including EZO Coin) and token offerings such as this, cryptocurrencies (including Ethereum), blockchain technologies, and cryptocurrency exchanges in the United States and abroad currently are in the early stages of development and are likely to evolve rapidly in the near future. The regulatory environment varies significantly among international, federal, state and local jurisdictions and are subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries are currently considering, or may in the future consider, laws, regulations, guidance, or other actions, which may adversely affect our ability to invest in digital assets. Failure by us to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

New or changing laws and regulations or interpretations of existing laws and regulations may adversely affect Element Zero's ability to develop blockchain technology applicable to the financial services industries, which are heavily regulated by various governmental and self-regulatory agencies, including the SEC and FINRA. New regulations may also affect our ability to earn returns on investments or assets underlying the Holding Reserve, the value of the currency in which we may redeem EZO Coins, the liquidity of EZO Coins, and your ability to access marketplaces on which to trade EZO Coin. Therefore, there can be no assurance that any new or continuing regulatory scrutiny or initiatives will not have an adverse effect on the value of EZO Coin or otherwise impede our business activities.

Lack of clear guidance and the application of commercial and corporate laws on digital tokens and crypto assets may adversely affect our business operations.

Because of the differences between digital tokens and traditional investment securities, there is a risk that issues that might easily be resolved by existing law if traditional securities were involved may not be easily resolved for the EZO Coin. For example, there is a lack of clear guidance on how existing laws and regulations might treat the issue, fungibility, settlement finality, transfer, collateralization, sequestration, loan, hypothecation, redemption or other disposition of digital tokens, including EZO Coin. Such lack of guidance may expose us to risks of inadvertent violation of applicable laws and increase our costs of compliance and defense against any legal claims.

Developments in foreign regulation, corporate and commercial laws may alter the nature of our business or restrict the use of blockchain assets.

Blockchain networks currently face an uncertain regulatory landscape in not only the United States, but also in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Ethereum Network and its users, particularly Ethereum Exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact EZO Coin and our business operations. The effect of any future regulatory change or directive is impossible to predict, but such change could be substantial and averse to our business.

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