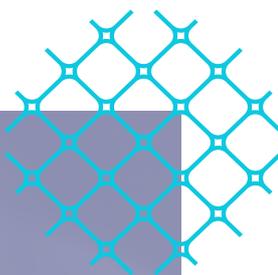


# GEM<sup>ICO</sup>

ICO.ALTCOINOMY.COM/GEM

Whitepaper



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## The GEM Collection

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**HARD ASSET  
REVOLVING ICOs**

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**MARCH 2018**

Altcoinomy<sup>ICO</sup>

## Abstract

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Hard Asset Revolving ICOs represent a revolutionary approach to democratizing investments in the rarest and most beautiful collectibles in the world. The core concept of our ICOs, as described in detail in our [yellow paper](#), is to tokenize ownership of exceptional hard assets by leveraging the technical possibilities offered by digital ledger technology combined with Ethereum-based smart contracts. This will provide token holders with a level of liquidity and transparency unheard of in the market for “passion assets”. Our medium-term goal is to tokenize all the collectibles included in the Knight Frank Luxury Investment Index KFLII.<sup>1</sup>

Matthew Girling, Global CEO of Bonhams, notes:

**“The Knight Frank Luxury Index provides fascinating insight into the top areas of collecting. People will always seek out the best in class examples in their favorite collecting areas, and our own experience at Bonhams certainly bears out the report’s conclusions with wine, art, watches and jewelry all performing strongly over the past year.”<sup>2</sup>**

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That said, the idea is not only to seize the tremendous investment opportunity offered by luxury investments but also to generate the type of “stable token” deeply craved for in the crypto sphere by using the two key functions of our smart contracts:

- minting based on a deflationary logic, in order to strictly control the token supply; and
- notarizing all documents related to the co-owned assets, in order to publicly establish token holders’ rights.

With this in mind, we will use this whitepaper to describe the particularities of the GEM ICO and of investing in gemstones and fine jewelry. It will thus serve as a business case illustrating the concepts developed in our [yellow paper](#).

<sup>1</sup> The Knight Frank Luxury Investment Index (KFLII) tracks the performance of a theoretical basket of selected collectable asset classes – such as art, classic cars and wine – using existing third-party indices. Each asset class is weighted to reflect its relative importance and value within the basket.

<sup>2</sup> <http://www.knightfrank.co.uk>

While the [yellow paper](#) explains the economics behind issuing a hard-asset-backed stable token, this whitepaper focuses on our tailor-made solution to investing in an exceptional collection of gemstones and jewelry.

After a few words about the gemstone and jewelry market, we will discuss the various features and disadvantages typical of current investment solutions in this asset class. We will then sketch out our robust investment strategy, which is built around a sophisticated Swiss-based ecosystem that brings together crypto experts, supervised financial intermediaries and jewelry specialists, with the Geneva Free Ports as our state-of-the-art storage facility. Finally, we will review the key features of the GEM ICO and present our team.

Before we get started, we would like to highlight the GEM ICO funds allocation structure: 90% of the funds raised will be used to acquire a collection of exceptional gems and jewelry. The remaining 10% will be segregated to guarantee the sustainability of the ecosystem for ten years and to a lesser extent compensate the ICO team. **99% of the GEM tokens will be distributed to the public and 1% reserved to cover the tokens listing fees.**

**We believe that the most beautiful things in this world should belong to everyone and not just a handful of rich people. Welcome to our glittering ecosystem.**

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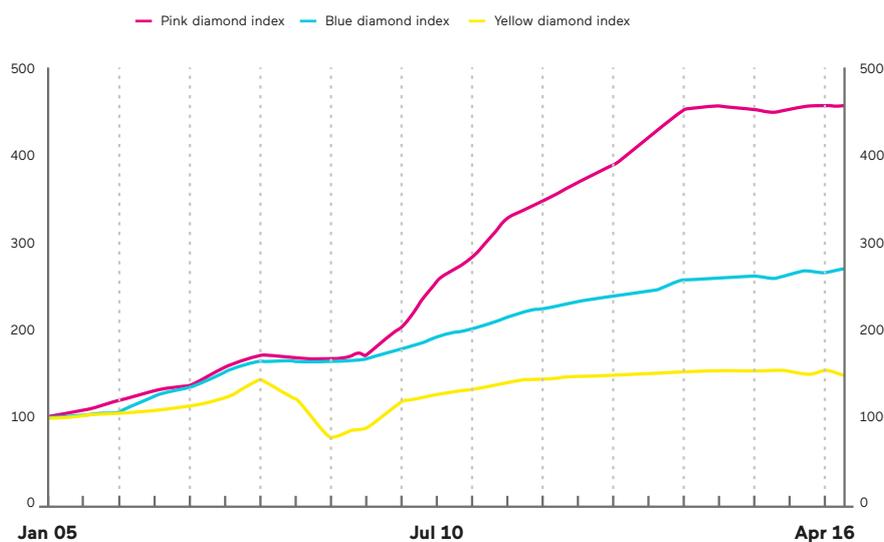
# I. The GEM Opportunity

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The GEM ICO is designed to make it easy to invest in high-end gems and jewelry by tokenizing an exceptional Collection of gemstones and allowing token holders to trade co-ownership rights of that Collection on the Ethereum blockchain. Tokenizing refers to creating “fractions” of the assets represented by the tokens, where token holders are the direct and exclusive owners of the Collection. The only way for co-ownership of the assets to change hands is through the sale of tokens.

In this section, we will highlight the investment opportunity offered by high quality gemstones and show how the GEM ICO is a revolutionary way to efficiently invest in an exceptional Collection of gems and jewelry.

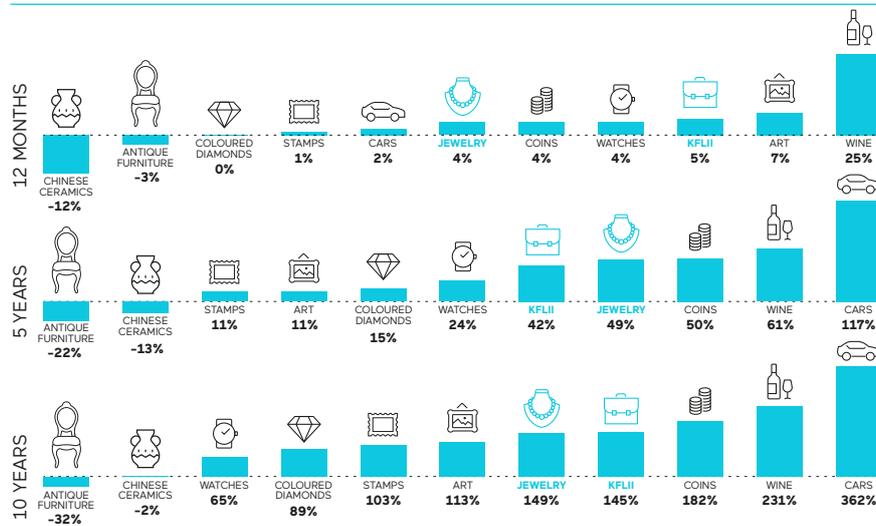
High quality gemstones and jewelry are considered an alternative investment for their resilience and good performance over the years. Importantly, these assets are not correlated with other asset classes. In addition to being the most concentrated form of wealth, gems and jewelry of exceptional quality benefit from favorable supply-demand dynamics. As investments, a 7 to 10 years period is ideal for any serious appreciation, as illustrated by the following charts.



The fancy color diamond index, January 2005 – April 2016<sup>3</sup>

<sup>3</sup> [The Fancy Color Diamond Index, published by the non-profit Fancy Color Research Foundation \(FCRF\), tracks pricing data for yellow, pink and blue fancy color diamonds. The chart on this page shows the impressive performance of fancy colored diamonds over ten years.](#)

**KFLII performance by asset class (to Q2 2017)**



The Knight Frank Luxury Investment Index, Wealth Report, Jewelry Special, Q2 2017<sup>4</sup>

The market for high quality gems and jewelry is dominated by the “Magnificent Jewels” sales run by Sotheby’s and Christie’s twice a year in Geneva, Hong Kong and New York. These two auction houses boost the visibility of high-end gemstones through “celebrity sales” involving, for example, the estate of the Duchess of Windsor and Elizabeth Taylor’s jewelry Collection. Major auctions chalk up record prices year after year, as they draw in wealthy connoisseurs from around the world keen to purchase extremely rare diamonds.

According to the Gemological Institute of America:

**“Prices at auction soared through the 1990s and into the 2000s, fed by the burgeoning number of ultra-high net worth individuals. Prices for colored diamonds doubled and kept rising.**

**The \$1 million per-carat barrier was crossed in 2007, when Christie’s sold a 2.26 ct Fancy purplish red diamond for \$2.67 million, or \$1.18 million per carat. Nor were record prices limited to colored diamonds. Burmese rubies and large colorless diamonds also saw substantial increases.**

<sup>4</sup> <https://kfcontent.blob.core.windows.net/research/540/documents/en/knight-frank-luxury-investment-index-q2-2017-4949.pdf>

**In 2006, an 8.62 ct Burmese ruby sold for \$3.64 million, or \$422,000 per carat. Colorless diamond broke the \$100,000 per-carat mark in 2005, and nearly doubled that by 2011.**

**Indeed, while the financial crisis of September 2008 slowed economic activity around the world, it seemed to have little effect on auctions. Just three months after the collapse of Lehman Brothers, the Wittelsbach Blue diamond achieved the highest price ever paid for any gemstone when Christie's auctioned it in London.”<sup>5</sup>**



The Oppenheimer Blue - 14.62 carats - the largest Vivid Blue Diamond ever to appear at auction - sold for USD 57.5 million at Christie's in May 2016.

The main features of gems and jewelry as an asset class can be summarized as follows :

- Diversification, as these assets are not correlated with other asset classes
- Long-term and steady increase in value
- Tangible and high in value yet small in volume (most concentrated form of wealth)
- Favorable supply-demand dynamics.

<sup>5</sup><https://www.gia.edu/gems-gemology/spring-2013-shor-auction-houses>

High-end gemstones, often considered passion investments, are in fact high performing tangible hard assets. Unfortunately, as an asset class they are plagued by significant entry barriers such as the expertise required to acquire an investment-grade stone, the challenge of secure storage, the lack of liquidity and the required investment amount which entails an important opportunity cost. This market is therefore reserved for an elite of connoisseurs.

The GEM ecosystem will quickly resolve these disadvantages, opening this market to everyone. A team of dedicated jewelry specialists committed to finding the rarest and most precious stones will be working for the token holders. The Collection of gems and jewelry will be safeguarded at the Geneva Free Ports, a world-class storage facility in terms of both security and insurance. The GEM Collection will be managed by a Swiss not-for-profit Foundation supervised by the Swiss Foundation Supervisory Authority and a Self-Regulatory Organization. Lastly, liquidity will no longer be a problem, as the tokens will be tradeable day and night throughout the year as soon as they are listed on an exchange.

The following table summarizes the advantages of the GEM ICO versus direct investments in gemstones and collective investment vehicles.

Disadvantages of a direct investment	The GEM solution
Expert knowledge required	GEM Collection created by two jewelry experts / GIA Graduate Gemologists
Secure storage required	First-class storage facility at the Geneva Free Ports
Low liquidity	Ability to trade the tokens at any time once they are listed
High minimum investment	Low minimum investment (USD 1,000 or 1 ETHER)

Disadvantages of collective investment vehicles	The GEM solution
Indirect ownership	Direct co-ownership of the Collection
Difficult to determine the exit price	Price discovery mechanism reflecting supply and demand for the token
Overestimated net asset value	Regular audits of the Collection

Key features of the GEM ICO versus other ICOs :

- **Tokens** : direct co-ownership of hard assets versus participation in a yet delivered project
- **Regulatory status** : clear regulatory environment versus uncertain regulatory status
- **Investment** : official currencies and cryptocurrencies (see list of accepted currencies below) versus only cryptocurrencies
- **Token structure** : 99% of the tokens distributed to the public versus less than 50% in current business practice for non hard assets ICOs
- **Ecosystem** : regulated and audited ecosystem based in Switzerland versus unregulated entities spanning numerous countries
- **Anti-money laundering (AML) standards** : high standards in terms of AML checks and investor screening versus low standards and in some cases no check at all.

Investing in the GEM ICO means gaining direct exposure to an exceptional Collection of gemstones and jewelry. Indeed, aside from the small portion (10%) that will be segregated to ensure the sustainability of the ecosystem and to pay the team, 90% of the funds raised will be used to acquire some of the most beautiful stones in the world, which will be directly co-owned by the token holders. The GEM ICO is thus not a project, like other ICOs, with a complicated roadmap requiring months of implementation. Indeed, the acquisition of the tangible hard assets will start immediately following the crowdsale. The GEM ICO concept was developed in a detailed [yellow paper](#) which includes key parts of our open source smart contract.

Another key feature of the tokens is the fact that they are totally separate from the assets in the Collection.

In other words, buying and selling tokens has no impact on the GEM Collection, so selling tokens does not entail selling the corresponding assets. Once the Collection is completed, only the Foundation in charge of managing it will decide what to sell, when and at what price.

As noted in the Hard Asset Revolving ICOs [yellow paper](#) :

**“In this model, there is no liquidation of ownership, only the transfer of ownership; no redemption of tokens, only the exchange of tokens. Liquidation at an individual level will not trigger liquidation at the collective level since the not-for-profit Foundation is self-sustained and acts on behalf of the community of co-owners, with a view to preserving their best interests.”**

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Token holders will benefit from an investment that is backed by an exceptional team of specialists, Swiss-based regulated entities and audited ecosystem members. As highlighted below, the token holders will have full access to all information on the status of their assets at all times, as all relevant documents will be inserted in the smart contract memory.

Let us now have a look at how token holders will co-own one of the most exceptional Collections of gems and jewelry ever created.

## II. The GEM Collection

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As discussed above, gems and jewelry as an asset class have turned in an impressive performance over the years. But it is important to bear in mind that such returns are only possible with top quality gems and jewelry. Indeed, when analyzing the global diamond market over the last 10 to 15 years, the performance is almost flat because this market encompasses not only high-quality gemstones but all types of diamonds, including low clarity and small carat pieces. The GEM Collection, on the other hand, will only take stones that are of the highest quality, with pristine provenance and certified by top international laboratories.

When assessing the quality of a stone, the GEM specialists will base their evaluation on the “four Cs” (carat, color, clarity and cut). All four criteria are equally important when it comes to colorless diamonds, whereas color and carat take precedence when assessing colored gems.

Investment-grade gems are those that score highest on every criterion. When considering color, one must remember that every stone has a “preferred color range” – such as pigeon blood for rubies and Kashmir blue for sapphire – which makes it more precious. In addition to the four Cs, a recent certificate issued by an established laboratory (the GIA Gemological Institute of America for diamonds, and Gübelin or SSEF for colored stones) and a clean and traceable provenance (either a top auction house or a well-known dealer) are absolutely essential. Classic “investment gems”, whose prices have drastically increased over the past 30 years, include diamonds (colorless diamonds and fancy color diamonds such as yellow, pink and blue, which are the three most commonly traded colors), sapphires, emeralds and rubies. For each of these categories, the Foundation will seek to purchase only the most rare and precious specimens. Depending on the quality of the pieces on the market, diamonds in pure green, orange and purple hues will also be considered, as will red diamonds, which are in a category of their own. Only natural and untreated gems that show no fluorescence will be considered (except for minor treatments in the case of emeralds).



The Apollo Blue - 14.54 carats - and the Artemis Pink - 16 carats - sold for USD 57.4 million at Sotheby's in May 2017 making them the world's most expensive earrings.

**“To own a natural pink diamond is to experience a sense of timelessness cradled in the palm of your hand”**

**Harry Winston**

Depending on the amount of funds raised for the GEM ICO, rare historical jewelry will also be considered for the Collection. When assessing such jewelry pieces, the Foundation will only look at signed pieces with outstanding provenance in pristine condition. Moreover, the selection will be limited to rare and iconic pieces produced by renowned jewelry houses such as Cartier, JAR, Van Cleef and Arpels, Harry Winston and Bulgari, whose pieces are highly sought after and have a satisfactory track record in terms of value storage.

The most precious gemstones and jewelry are sold by auction houses in Geneva, Hong Kong and New York in May and November. Sotheby's and Christie's are generally the most active in terms of investment-grade gems, although Bonhams (New York, London and Hong Kong) and Phillips (Hong Kong) sometimes offer interesting opportunities as well. Auction houses also organize private sales, where investors can buy stones and jewelry directly from a seller without going through the auction process. Private sales are an efficient, discreet and rapid way to buy and sell important pieces, and the Foundation will participate in them wherever possible. Well-known dealers are also an important source.

Gems should be seen as medium- to long-term investments. To ensure a maximum return on the stones, it is key to hold them for at least seven to ten years before selling. According to a recent analysis, the demand for exceptional stones is increasing while their supply is dwindling. As an example, the mine producing over 90% of the pink diamond supply shall close in 2020.

**“The Argyle Diamond Mine is the largest diamond producer in the world by volume. Due to the low proportion of gem-quality diamonds the mine is set to close by 2020. Producing over 90% of the world's pink diamond supply, the Argyle diamond mine is the only known significant source of pink and red diamonds”<sup>6</sup>**

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The idea behind the GEM ICO is to preserve the rarity and exclusivity of the individual stones by keeping them off the market for a significant period of time until demand peaks for each category.

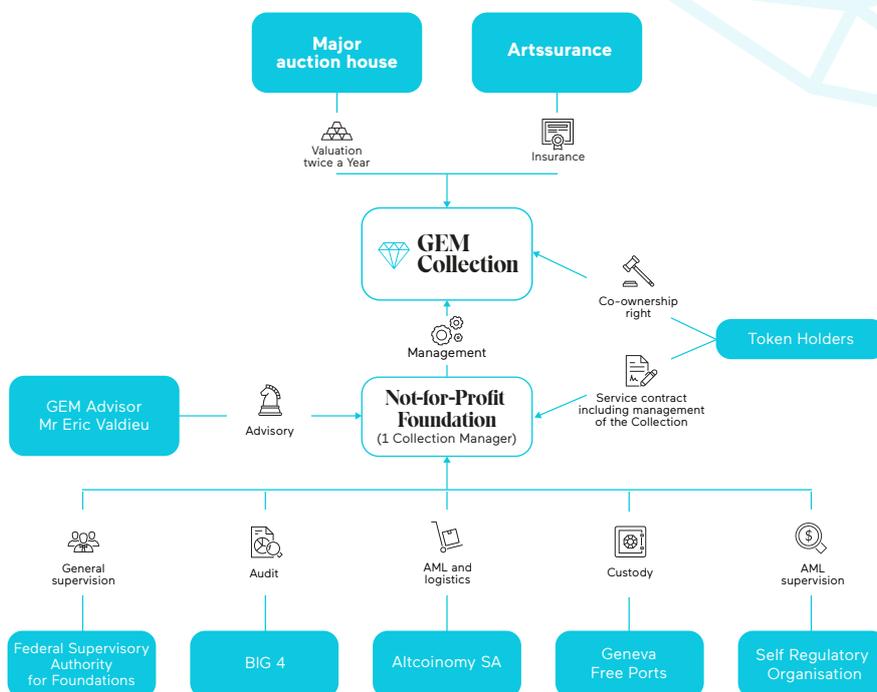
<sup>6</sup>The essential guide to buying a pink diamond, Craig Léonard, 2017

# III. The GEM Ecosystem

## IIIa. Key members

The GEM ecosystem is a network of regulated Swiss-based entities and jewelry professionals whose combined efforts will ensure that the GEM Collection is managed in accordance with the highest standards in every respect.

The GEM Ecosystem



The key members of the GEM ecosystem are the following:

### 1. A Swiss not-for-profit Foundation

The key function of the Foundation within our ecosystem is to ensure the assets are managed independently and securely, in keeping with the ICO's objectives. The Foundation in charge of the management of the GEM Collection, as an independent entity dedicated to managing the Collection, shall exhibit outstanding governance practices. It shall be governed by independent board members and registered with the Geneva trade registry.

The Foundation will also be supervised by the Swiss Foundation Supervisory Authority and audited by a Big Four auditor. In addition, twice a year, the Foundation will hire a major auction house to audit the GEM Collection at the Geneva Free Ports and ensure the resulting inventory is entered into the smart contract memory.

Finally, we shall highlight the ideal localization of the Foundation in the Geneva Canton, which places the Foundation not only in one of the most crypto-friendly jurisdictions but also in a key hub to acquire high-end gemstones and jewelry.

## **2. A dedicated Collection Manager and an external Advisor**

To effectively manage the Collection, the Foundation will work with a Collection Manager and an external Advisor. At the time of writing, appropriate candidates have been identified and contracts have been signed.

When considering a stone for the GEM Collection, the Collection Manager will compile a comprehensive file covering the stone's price history, origin and technical characteristics and will come up with an acceptable price range. Given the very stringent selection criteria, the tough decision will not be whether to purchase a particular stone, but rather at what price. There are so few eligible stones on the market that the real challenge will be to get them at a good price despite the high demand. Moreover, every purchase will be discussed with the external Advisor, and both the Advisor and the Collection Manager will decide the maximum price to be paid for each piece, and they will document their decision in writing. In terms of its selling strategy, the pieces in the Collection will be viewed as long-term holdings, and only the small fraction necessary to maintain the sustainability of the Foundation will be sold.

This means that, even if we have the chance to sell a Collection piece at a good price after two years, we may hold onto it, as we believe the potential gain after five or ten years will be much higher. The Collection Manager and the Advisor will constantly monitor the market to ensure that any sale is executed at the right time and at the right price.

The Collection Manager's duties include:

- identifying and purchasing eligible stones, a process that involves attending auctions, browsing auction catalogs, determining the maximum price for each target, and liaising with auction houses to set up private sales;
- ensuring the stones are safe and secure from the point of acquisition to the Geneva Free Ports;
- cataloguing the stones and ensuring the certificates are updated;
- having the stones insured from the moment they are acquired by the Collection;
- keeping tabs on market trends and prices (this involves keeping track of the results of around a dozen jewelry auctions held worldwide every year and comparing and tracking the price per carat for every category of investment-grade gems purchased by the Foundation);
- managing the relationship with the Geneva Free Ports;
- communicating about the Collection through the ICO website, social media and other PR actions;
- having the Collection audited twice a year by a major auction house, with the results entered in the smart contract memory;
- regularly updating the FAQ section of the website and managing investors relations;
- handling legal, administrative and regulatory tasks as well as all operational aspects.

The Foundation will work with an external Advisor, who will help the Collection Manager source exceptional stones and jewelry at the right price. We are deeply honored to have Eric Valdieu as our Advisor. Mr. Valdieu is a well-known GIA Graduate Gemologist and jewelry specialist with over 35 years of professional experience. He worked for several years at Bulgari and then headed the jewelry department at Christie's for 20 years. His large network includes jewelry dealers from New York to Hong Kong. We believe Mr. Valdieu's involvement in this project will be a major asset.

There are two main sources for investment-grade stones: auctions and dealers. The Collection Manager will have primary responsibility for auction purchases, keeping track of auction prices and scrutinizing the catalogs of every major jewelry sale around the world (the main ones take place twice a year, in Geneva, New York and Hong Kong) in search of potential acquisitions. The Collection Manager will consult with the Advisor in order to define an acceptable price bracket for each stone and manage the auction purchases. The Advisor, on the other hand, will have primary responsibility for sourcing pieces through dealers. He will screen his network of dealers and inform the Collection Manager of potential acquisitions that meet the Collection's criteria and are competitively priced. The Collection Manager will then compare the selling price to current price trends for the stone in question and determine an acceptable price range.

In conclusion, the Collection is guaranteed to be sourced efficiently and in a price conscious way for two reasons. First, the eligibility criteria are defined upfront. This prevents conflicts of interest, as a stone will only be considered for purchase if the eligibility criteria are met, regardless of who finds it (the Collection Manager or the Advisor). Second, the check-and-balance approach to acquisitions means that ultimate responsibility for sourcing is clearly divided between the Collection Manager (auctions) and the Advisor (dealers).

### **3. Geneva Free Ports**

The Geneva Free Ports, which is majority-owned by Geneva Canton, offers state-of-the-art facilities to store valuable assets. We have negotiated a general cooperation agreement with the Geneva Free Ports regarding the Hard Asset Revolving ICOs to ensure the safe custody of the hard assets and an appropriate storage reporting mechanism.

The GEM Collection will be held in a high security vault located in the strong room managed by the Geneva Free Ports. Only the Collection Manager, accompanied by a Foundation board member, will have access to the vault. Moreover, each and every movement in the vault will be recorded in a written report that will be entered into the smart contract memory.

#### **4. Altcoinomy SA – a Swiss financial intermediary**

Altcoinomy SA (“Altcoinomy”) is a Swiss financial intermediary owned by an established family office. Altcoinomy is registered with the Geneva trade registry under number CHE-209.239.695 and supervised by the VQF - Verein zur Qualitätssicherung von Finanzdienstleistungen, a Self-Regulatory Organization that oversees fintech businesses and is regulated itself by the Swiss Financial Market Supervisory Authority (FINMA). Its core business is to provide financial services related to cryptocurrencies, drawing on a solid network of business relationships with local private banks. Altcoinomy’s activities are focused on institutional trades and full cash-out (i.e. the conversion of complex cryptocurrency portfolios into official currencies). In the context of the Hard Asset Revolving ICOs, Altcoinomy will be in charge of screening and onboarding investors in accordance with strict anti-money laundering rules. The company will also administer the smart contract, overview notarization of the documentation related to the acquisition of the hard assets and handle the conversion of cryptocurrencies into official currencies and vice versa, as needed in the course of the Foundation’s business.

### **IIIb. Financial considerations**

The financial sustainability of the GEM ecosystem will be guaranteed for ten years by roughly segregating 5% of the total funds raised (i.e., an amount meant to cover the costs generated by all members of the ecosystem). Going forward, we plan to always maintain a “ten-year sustainability balance” on the Foundation’s account. Gains on sales of Collection pieces will first be allocated to the Foundation’s account, to ensure the ten-year balance is maintained, while the rest will be used to invest in new pieces.

Given the stable performance of investment-grade stones, we consider this approach quite conservative. To test it, we developed various scenarios, as set out in the below table.

In all cases, based on the assumption that the price of an exceptional fancy color diamond will double in ten years, the proceeds from selling less than 5% of the Collection would be sufficient to cover the ecosystem’s costs for the next ten years. See below for details on the budgets.

## GEM Budget

	Soft Cap							Hard Cap
<b>TOTAL CAPITAL RAISED</b>	<b>\$11,000,000</b>	\$15,000,000	\$20,000,000	\$35,000,000	\$50,000,000	\$70,000,000	\$100,000,000	\$155,000,000
<b>TOTAL SEGREGATED AMOUNT</b> <i>(10% which will cover the total operational costs for the Foundation and the team retribution)</i>	<b>\$1,100,000</b>	\$1,500,000	\$2,000,000	\$3,500,000	\$5,000,000	\$7,000,000	\$10,000,000	\$15,500,000
<b>GEM COLLECTION VALUE</b>	<b>\$9,900,000</b>	\$13,500,000	\$18,000,000	\$31,500,000	\$45,000,000	\$63,000,000	\$90,000,000	\$139,500,000
Costs (\$ for 10 years)								
<b>Insurance</b>	<b>\$60,000</b>	\$90,000	\$120,000	\$185,000	\$270,000	\$380,000	\$540,000	\$840,000
<b>Custody at the Geneva Free Ports</b>	<b>\$50,000</b>	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
<b>Travel expenses</b> <i>(during one or two years depending on the Collection value)</i>	<b>\$10,000</b>	\$20,000	\$20,000	\$20,000	\$30,000	\$30,000	\$30,000	\$30,000
<b>External Advisor fee</b> <i>(30'000 for one year, 45'000 for two years)</i>	<b>\$30,000</b>	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
<b>Social costs</b>	<b>\$40,000</b>	\$60,000	\$80,000	\$180,000	\$240,000	\$360,000	\$400,000	\$400,000
<b>Audit</b>	<b>\$80,000</b>	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
<b>Regulatory costs</b>	<b>\$30,000</b>	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
<b>Administrative costs</b>	<b>\$20,000</b>	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
<b>Unexpected costs</b>	<b>\$30,000</b>	\$30,000	\$50,000	\$70,000	\$100,000	\$140,000	\$200,000	\$310,000
<b>Salary*</b>	<b>\$200,000</b> <i>(1 year salary)</i>	\$300,000 <i>(18 months salary)</i>	\$400,000 <i>(2 years salary)</i>	\$900,000 <i>(3 and a half years salary)</i>	\$1,200,000 <i>(6 years salary)</i>	\$1,800,000 <i>(9 years salary)</i>	\$2,000,000 <i>(10 years salary)</i>	\$2,000,000 <i>(10 years salary)</i>
<b>Total operational costs for the Foundation</b>	<b>\$550,000</b>	<b>\$725,000</b>	<b>\$895,000</b>	<b>\$1,580,000</b>	<b>\$2,065,000</b>	<b>\$2,935,000</b>	<b>\$3,395,000</b>	<b>\$3,805,000</b>
TEAM RETRIBUTION SCHEME								
<b>Legal</b>	<b>\$110,000</b>	\$150,000	\$200,000	\$350,000	\$500,000	\$700,000	\$1,000,000	\$1,550,000
<b>IT</b>	<b>\$110,000</b>	\$150,000	\$200,000	\$350,000	\$500,000	\$700,000	\$1,000,000	\$1,550,000
<b>Business Angel</b>	<b>\$110,000</b>	\$150,000	\$200,000	\$350,000	\$500,000	\$700,000	\$1,000,000	\$1,550,000
<b>Project Management</b>	<b>\$110,000</b>	\$150,000	\$200,000	\$350,000	\$500,000	\$700,000	\$1,000,000	\$1,550,000
<b>Banking fees</b>	<b>\$110,000</b>	\$150,000	\$200,000	\$350,000	\$500,000	\$700,000	\$1,000,000	\$1,550,000
<b>Altcoinomy S.A, Structurer fee</b>	<b>0</b>	\$25,000	\$105,000	\$170,000	\$435,000	\$565,000	\$1,605,000	\$3,945,000
<b>Total Team retribution</b>	<b>\$550,000</b>	<b>\$775,000</b>	<b>\$1,105,000</b>	<b>\$1,920,000</b>	<b>\$2,935,000</b>	<b>\$4,065,000</b>	<b>\$6,605,000</b>	<b>\$11,695,000</b>

*\*(the Collection Manager will be paid 200'000 per year during a limited timeframe depending on the size of the Collection to be acquired, then the Collection Manager will become a board member and act as a non-paid external advisor to the Foundation)*

It is important to emphasize that there is absolutely no interest in having a high turnover in terms of Collection pieces. On the contrary, the aim is to keep the stones as long as it takes to sell them at the best possible price. Given the Foundation's limited recurring costs, one good transaction on a small fraction of the total value of the Collection will be enough to guarantee the sustainability of the GEM ecosystem for ten years.

In the unlikely event that the Collection Manager cannot make enough of a gain on sales to guarantee the Foundation's sustainability for the next ten years, the entire Collection could be sold. In this case, the cryptocurrency equivalent of the total proceeds of the sale would be returned to the token holders.

Unlike many hard assets, investment-grade stones will always have some intrinsic value, which ensures that even if the Collection is liquidated, a significant proportion of the initial investment will be maintained.



The Sun-Drop Diamond - 110.03 carats - sold for USD 12,4 million at Sotheby's in November 2011.

## IV. The GEM Token

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The open-source GEM smart contract is based on the ETHEREUM protocol and complies with the ERC20 standard. The primary function of the smart contract is to ensure total transparency relative to the allocation of the investors' funds at all times. As highlighted in the Hard Asset Revolving ICOs [yellow paper](#), the smart contract will have two key functions:

- Managing the supply of tokens ; and
- Notarizing all documents associated with the Foundation’s work on the Collection, including the exact status of the investors’ funds (in cryptocurrency, official currencies or hard assets), the result of external audits and the Collection inventory.

At any given time, depending on the investment cycle, the assets co-owned by the token holders may be in the form of cryptocurrency (the funds will be held in cryptocurrency while the Collection is being formed), official currencies (the cryptocurrency will be converted into official currencies, for a very short time before a particular asset is acquired) or hard assets, namely the GEM Collection. At all times, the token holders will have a comprehensive view of their assets, including the proof of balance for each category of assets.

Tokens issued following our Hard Asset Revolving ICOs will be considered “asset tokens” with regard to Swiss law and in keeping with their economic function. This term is defined in the latest Swiss Financial Market Supervisory Authority (FINMA) Guidelines on ICOs, which divide tokens into three categories : payment tokens (means of payment), utility tokens (access to services) and asset tokens, which “represent assets such as a debt or equity claim on the issuer (...) **Tokens which enable physical assets to be traded on the blockchain also fall into this category**”.<sup>7</sup>

In addition, the smart contracts used in the Hard Asset Revolving ICOs will be designed so that the co-ownership rights related to the Collections are intrinsically embedded in the tokens. This will be achieved through a pioneering use of notarization that ensures that co-ownership rights may only be acquired and exchanged by trading the tokens.

Please refer to our [yellow paper](#) for further details on the features of the tokens.

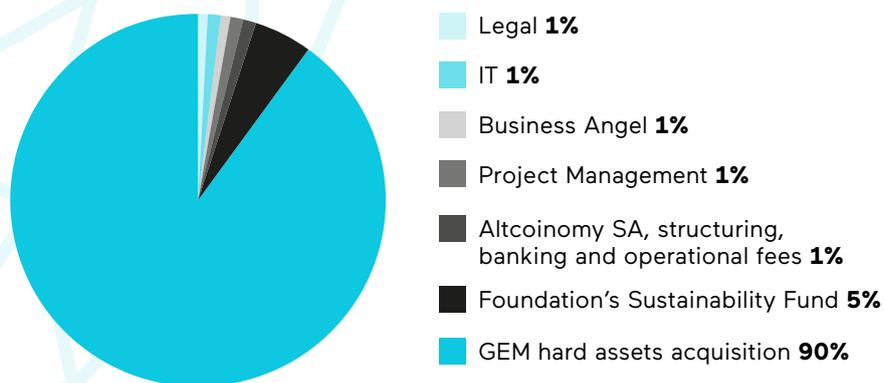
Key features of the GEM token sale include :

- **Minimum investment :** USD 1,000 or 1 ETHER
- **Accepted currencies :** USD/CHF/EUR and various cryptocurrencies depending on the amount to be invested: Bitcoin, Ethereum, OmiseGO, Lisk, Augur, Dash, Ark, Monero, Bitcoin cash, Stratis, Waves, 0X Protocol, Neo, Golem, Mailsafe, Nem, Litecoin and Tether.

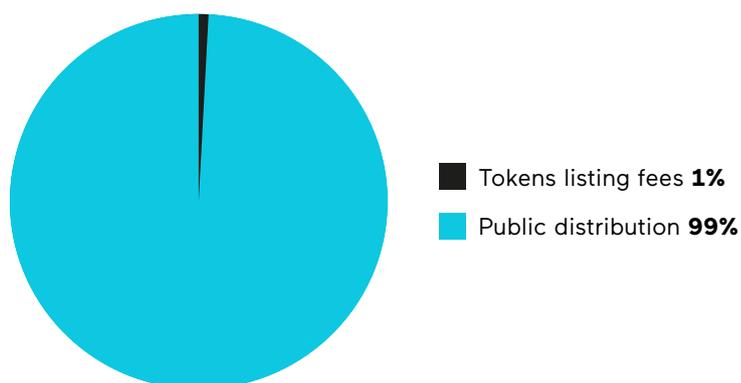
<sup>7</sup> <https://www.finma.ch/en/-/media/finma/dokumente/dokumentencenter/myfinma/1bewilligung/fintech/wegleitung-ico.pdf?la=en>

- **Minimum Cap:** USD 11,000,000
- **Hard Cap:** USD 155,000,000
- **Onboarding process:** Every investor will be subject to a KYC/AML check, which may include a video call
- **Token minting ratio:** 1 GEM token will be issued for USD 1'000
- **Funds allocation:** 90% of the funds will be used to acquire the GEM Collection and the remaining 10% will be segregated. Half of the segregated funds will be used to cover the Foundation's costs for ten years and up to the other half to compensate the ICO team (IT, legal, business management, banking fees and marketing, in roughly equal parts)

**Funds allocation** (indicative\*)



**Tokens allocation**



- **Pre-sale conditions:** 5% bonus tokens will be issued for pre-sale investors.

\*The funds allocation structure may slightly vary depending on the amount raised by the ICO. Moreover, additional fees may apply in the context of the conversion of cryptocurrencies to official currencies and vice versa.

## V. The GEM Team

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**Eric Valdieu**  
GEM ADVISOR

Eric graduated at the Gemological Institute of America (GIA) in Los Angeles in 1981 and developed his professional career at Christie's in Geneva and Bulgari. Always passionate about gems and jewellery, it is certainly no coincidence that since 2010 Eric Valdieu has been at the helm of Valdieu Fine Arts, with 35 years' international experience in the field. With a great taste for the design, beauty and values that gemstones can convey, he brings precious insights and experience in jewellery valuation.

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**Constantin Papadimitriou**  
CHAIRMAN OF THE BOARD  
OF ALTCOINOMY

Constantin holds degrees from the University of Geneva and has been the driving force in the development and management of a globally diversified investment portfolio, which currently ranks in the top quartile of the Cambridge Endowment Universe. He is the President and CEO of Diorasis International and General Oriental Investment Ltd. His deal experience and industry contacts provide an invaluable asset to Altcoinomy.





## **Constantin Lanaras**

COFOUNDER & CEO OF ALTCOINOMY

Constantin received degrees in Management and International Relations from Webster University. He worked in the banking industry at HSBC and specialized in fund management for alternative funds at Capital Management Advisors SA (EFG group) before founding CAPLAND SA. With his expertise, he then co-founded Altcoinomy SA, a pioneering company that breaks down the barrier between traditional banking and the world of cryptocurrencies.

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## **Olivier Cohen**

FOUNDER & COO OF ALTCOINOMY

Olivier graduated from the Toulouse Business School with a degree in Mathematical and Computational Finance and built up his professional skills through positions at MKS Finance, JPMorgan Chase, Millennium BCP and CAPLAND SA. His long-standing interest for computer science naturally positioned him as an early adopter in the field of cryptocurrencies and blockchain technologies. Combining that new-found knowledge with his expertise in banking, he then co-founded Altcoinomy SA, a pioneering company that breaks down the barrier between traditional banking and the world of cryptocurrencies.





## **Nathalie Barzilay**

**LEGAL ADVISOR &  
GEM COLLECTION MANAGER**

Nathalie was admitted to the Geneva bar in 2010 and worked for Switzerland biggest law firm Lenz & Staehelin, where she specialized in business and banking law. Five years in, she refocused her career on her passion for jewelry, becoming a GIA Accredited Jewelry Professional and a GIA Graduate Gemologist. She then studied « Art as an alternative investment » at Sotheby's Institute and gained valuable professional experience with jewelry industry leaders. Challenge-driven, Nathalie is thrilled to apply her skills to the tokenization of prestigious assets.

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## **Noé Curtz**

**CHIEF TECHNICAL OFFICER**

Noé holds a Master's degree from the University of Grenoble and a PhD from the University of Geneva (Perspectives for Quantum Communication), both in the field of physics. He engaged in teaching and counseling before becoming an IT consultant. Noé's passion for technology and cryptography and his interest in open-source software drew him to the world of cryptocurrencies.





**Laurent Seguy**  
BUSINESS DEVELOPMENT  
COORDINATOR

Laurent graduated from Bordeaux University with degrees in oral implantology and periodontics and became a doctor of dental surgery. In 2001, he developed an interest in wines produced in the Bordeaux region and proceeded to build up a wine Collection and a broad network of contacts. A philatelist and numismatist with a passion for prestigious wines and cars, he has a collector's soul and recognizes the intellectual and stable value of emotional assets.

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**Romain Grosjean**  
BUSINESS ANGEL

Romain caught the motorsport bug in 2000, when he was only 14 years old. Since 2009, he has raced in more than one hundred Formula 1 Grand Prix events around the world. He had ten podium finishes with the Lotus F1 Team between 2012 and 2015. He also put in a very strong performance at the World Championships. In 2016, Romain joined the Haas F1 Team, which is based in the USA. His interest in new technologies and love for collectible cars led him to invest in this promising market.



## VI. Legal notice and references

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### LEGAL NOTICE

**INVESTING IN CRYPTOCURRENCIES AND OR TOKENS INVOLVES SIGNIFICANT RISK OF LOSS AND MAY NOT BE SUITABLE FOR ALL INVESTORS. INVESTORS COULD SUSTAIN A LOSS OF SOME OR ALL OF THE INITIAL INVESTMENT. INVESTORS SHOULD BE AWARE OF ALL THE RISKS ASSOCIATED WITH CRYPTO INVESTING AND THE BLOCKCHAIN TECHNOLOGY (INCLUDING AMONG OTHERS LEGAL AND REGULATORY RISKS, TECHNOLOGY RISKS, CYBERSECURITY RISKS AND OPERATIONAL RISKS) AND SEEK ADVICE FROM AN INDEPENDENT FINANCIAL ADVISOR.**

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- NATIONAL JEWELER, <http://www.nationaljeweler.com>