U.S. Dollar Inflation-adjusted Currency (USDI)

White Paper Version 2.1.5

U.S. Dollar Inflation-adjusted currency (USDI) was created to go up and down in value in converse amount to the inflation/deflation in monthly buying power for U.S. dollars.

USDI, where accepted, is used as money to buy and sell goods and services as well as for debts, and is pegged to one hundred U.S. dollars, plus inflation on one hundred U.S. dollars. Purchase inflation is calculated from pricing information for food and fuel, and the total U.S. dollars in circulation.

USDI may be exchanged for other fiat currency at any financial institutions that accept the currency or wherever USDI is listed on digital currency trading platforms.

USDI is designed as money and is not backed by any other currency or commodity.

USDI was built from Bitcoin source code with a Proof of Stake (PoS) upgrade by the Blackcoin development team, and includes a digital staking wallet available on GitHub and other download locations.

Although USDI is NOT LEGAL TENDER it is similar to all fiat currencies pegged to the U.S. dollar. Examples of these abound from Hong Kong to Saudi Arabia. [1]

Fiat currencies are considered legal tender in their country of origin and backed by nothing of intrinsic value or asset and its value is given to it by those who accept its use in commerce or for paying debts.

What makes USDI different, and better, than dollar-pegged currencies is the recognition of the role inflation plays in the debasement of the dollar's purchasing power, and its digital accessibility.

Purchasing inflation is calculated monthly after the release of the Consumer Price Index (CPI) and posted at websites like BuyUSDI.com who observe the public data and post the algorithmically-created inflation adjustment value.

Purchasing and U.S. dollar inflation is based on two things equally weighted plus the increase or decrease in circulating U.S. dollars within the United States:

1. Food Prices Monthly

2. Average Price for Gasoline & Diesel Fuel

3. Increase/Decrease in U.S. Dollars in Circulation

Prices are calculated from one presidential administration to the next. The inflation count started January 1, 2021 for the Biden White House. On that day the valuation of one USDI would have been one hundred U.S. dollars for one USDI according to agreed upon assumptions.

The current price of USDI demonstrates how much more you would need now in U.S. dollars to purchase the same food or fuel as on January 21, 2021 and if the dollar was inflated by the government printing more dollars.

THE TECHNICAL AND COMPLIANT WAY WE CREATED OUR NEW CURRENCY

A total of 20,870,000,000 USDI, representing 1% of the total U.S. dollars in circulation within the United States as of January 1, 2021 was premined by the creator of USDI, representing all mineable USDI. This amount is increased only through the production of staking rewards of up to 1.1% annually, as savings interest on USDI held in staking wallets. By pegging the currency to one hundred U.S. dollars time one percent of total circulating U.S. dollars there was an equal amount of USDI created in total value, though not all in circulation.

These staking wallets are considered nodes and create the decentralized financial backbone of the USDI financial network. They process transactions of USDI between owners, which are logged on the immutable USDI blockchain ledger. Each USDI desktop wallet on the network is designed to automatically join the network backbone as a node and get a share of transaction fees for staking blocks.

The creator of USDI kept 5% of the premined coins, provided or is committed to providing 5% of coins to others instrumental in the development of USDI, and created irrevocable trust funds to provide USDI as grants to individuals, organizations and trusts that may utilize this within the economy. Ten percent of all USDI will be granted annually and then ten percent of what is left each year.

Coins granted to the volunteers who developed USDI will be restricted such that ten percent may be used annually, then ten percent of what is left each year.

Coins held in trust funds are not considered to be in circulation for organizations or volunteers.

Any development work on the currency or its ecosystem is done by volunteers within the community in exchange for USDI as payment.

USDI is made safe from double-spend and counterfeiting by utilizing the original Bitcoin Proof-of-Work (PoW) source code, with an upgrade to the far-superior Proof-of-Stake (PoS) Blackcoin code, created by the original Blackcoin team, who minted the first PoS coin in 2014. USDI is money and does not represent ownership in any organization any more than owning U.S. dollars gives you ownership in any company or organization. Similar to all money, USDI is simply meant to be currency.

If people choose to use USDI they should only ever hope that it increases with inflation to preserve buying power. Unlike bitcoin and other digital coins that are not pegged to anything and are free-floating on exchanges the goal is not for the currency to move to the upside of downside in any way that would make you money. USDI is simply meant to preserve your ability to buy whether prices for goods and services go up or down.

In 2018 then SEC Chairman Jay Clayton clarified that bitcoin is not a security, stating that, “Cryptocurrencies are replacements for sovereign currencies…[they] replace the yen, the dollar, the euro with bitcoin. That type of currency is not a security.” [2]

Soon after the head of Corp Fin, Bill Hinman, spoke in depth about how securities laws apply to digital assets. His comments focused on how the entire economic reality of any given digital asset must be considered. In making this point, Hinman likened utility tokens to the oranges being grown on the parcels of land at issue in Howey [3], the landmark U.S. securities case, stating “the token…all by itself is not a security, just as the orange groves in Howey were not.” Hinman then went on to note that Howey was selling an investment in orange groves with the expectation of return, not just oranges. Hinman’s point with respect to digital assets was that many tokens, no matter their utility, are being purchased with an expectation of profit derived from the efforts of others. In the case of USDI the digital currency is valued based on the inflation on food, gasoline & diesel fuel, the cost of new and existing homes, and the increase or decrease of U.S. dollars in circulation within the United States and not from the efforts of others.

A significant take-away from Hinman’s statement regarding the analysis of a digital asset is that “the analysis of whether something is a security is not static and does not strictly inhere to the instrument," meaning that a digital asset that is originally sold as a security in the eyes of the SEC could be sold in a manner that does not constitute a security in a future offering. In connection with the SEC's previously issued report on the DAO, a digital asset is considered as a security "where the digital asset represents a set of rights that gives the holder a financial interest in an enterprise." However, if that same digital asset progresses to a point where there is sufficient decentralization of the network or where the asset is only sold "to be used to purchase a good or service available through the network on which it was created," that digital asset that was once considered to be a security could be viewed in a significantly different light. In the case of USDI there are no rights given to the holder of the currency in any enterprise and USDI is intended only to purchase a good or service by those in the USDI ecosystem of individuals and merchants who accept USDI.

Following this more general discussion, Hinman focused on the SEC's analysis of Ether, the utility token used on the Ethereum network, stating that despite the fundraising that was associated with the initial launch of Ether, "current offers and sales of Ether are not securities transactions." Hinman's rationale was based in large part on the decentralized nature of the Ethereum network, which influences the economic reality around the tokens. He explained that if a cryptocurrency is decentralized enough it creates a situation "where purchasers would no longer reasonably expect a person or group to carry out essential managerial or entrepreneurial efforts." Expounding upon this analysis, Hinman noted that the disclosure regime of securities regulation as currently contemplated, if imposed upon decentralized networks, would not provide any protection to investors. As part of his analysis, Hinman provided a non-exhaustive list of questions to consider when analyzing the extent to which a digital asset is decentralized:

1. **Is there a person or group that has sponsored or promoted the creation and sale of the digital asset, the efforts of whom play a significant role in the development and maintenance of the asset and its potential increase in value?** —— There is no person or group promoting the sale of USDI. USDI is money that was created, premined and given to individuals, businesses and trusts who will use it in the economy as money.

2. **Has this person or group retained a stake or other interest in the digital asset such that it would be motivated to expend efforts to cause an increase in value in the digital asset? Would purchasers reasonably believe such efforts will be undertaken and may result in a return on their investment in the digital asset?** —— The creator of USDI digital currency retained 5% of the total created money. USDI is not based on the efforts of its creator and is pegged to the value of one hundred U.S. dollars plus specific purchasing inflation as provided by outside trusted sources including the Bureau of Labor & Statistics, US Energy Information Administration (the "EIA") and the St. Louis Federal Reserve's stated supply of U.S. dollars in circulation. There are no efforts to increase or decrease the value of USDI,

it’s simply pegged to (not backed by) the U.S. dollar, similar to many fiat global currencies. Like all government-issued fiat currency and cryptocurrencies USDI is not backed by money nor assets or anything of intrinsic value and it is only worth what the users of the currency agree it is worth for purchase as well as private and public debt.

3. **Has the promoter raised an amount of funds in excess of what may be needed to establish a functional network, and, if so, has it indicated how those funds may be used to support the value of the tokens or to increase the value of the enterprise? Does the promoter continue to expend funds from proceeds or operations to enhance the functionality and/or value of the system within which the tokens operate?** —— No funds were raised at any point and the creators spent their own time and money to create USDI.

4. **Are purchasers “investing,” that is, seeking a return? In that regard, is the instrument marketed and sold to the general public instead of to potential users of the network for a price that reasonably correlates with the market value of the good or service in the network?** —— Anyone who trades USDI for other currency or uses it to purchase goods and services does so with the hope of preserving buying power from inflation. If inflation increases or decreases buying power the goal of the user of USDI is simply to retain their purchasing power. Traders of currencies trying to profit do so in foreign exchange markets but this is not and was never the purpose of USDI.

5. **Does application of the Securities Act protections make sense? Is there a person or entity others are relying on that plays a key role in the profit-making of the enterprise such that disclosure of their activities and plans would be important to investors? Do informational asymmetries exist between the promoters and potential purchasers/investors in the digital asset?** —— USDI passes the Howey Test in our opinion and is not a security. There is no person or enterprise that anyone is relying on to make a profit and the perceived value of USDI is meant to simply go up or down with purchasing inflation and U.S. dollar inflation or deflation.

6. **Do persons or entities other than the promoter exercise governance rights or meaningful influence?** [4] —— The creators of the USDI currency provided 95% of the USDI created as grants to help small businesses, food direct to consumers, medical care facilities, educational facilities and similar economic pursuits.

While the decentralized nature of a digital asset will be a topic of emphasis for the SEC moving forward, Hinman provided a secondary, non-exhaustive, list of questions to consider regarding the structure and purpose of the digital asset – making specific note that the factors below do not necessarily need “to be present to establish a case that a token is not being offered as a security":

1. **Is token creation commensurate with meeting the needs of users or, rather, with feeding speculation? ——** The creation of the USDI digital currency is simply meant to preserve the buying power month over month and year over year for those who use it in commerce or for debts both private and public.

2. **Are independent actors setting the price or is the promoter supporting the secondary market for the asset or otherwise influencing trading? ——** Similar to many other global currencies USDI is money pegged to the U.S. dollar, not backed by U.S. dollars, and is adjusted by a given set of inflationary factors not controlled by anyone, simply reported by reliable sources.

3. **Is it clear that the primary motivation for purchasing the digital asset is for personal use or consumption, as compared to investment? Have purchasers made representations as to their consumptive, as opposed to their investment, intent? Are the tokens available in increments that correlate with a consumptive versus investment intent? ——** USDI is not an investment any more that purchasing dollars, yen, pesos, yuan, euros, pounds, rubles, or other currency. They were created for personal use in commerce and for paying debts.

4. **Are the tokens distributed in ways to meet users' needs? For example, can the tokens be held or transferred only in amounts that correspond to a purchaser's expected use? Are there built-in incentives that compel using the tokens promptly on the network, such as having the tokens degrade in value over time, or can the tokens be held for extended periods for investment? ——** Like all currency USDI was created and is used like all money as a means of purchasing goods and services and paying debts.

5. **Is the asset marketed and distributed to potential users or the general public?** —— The general public are the users of the currency, just like all currency used in commerce or to pay debts both private and public.

6. **Are the assets dispersed across a diverse user base or concentrated in the hands of a few that can exert influence over the application? ——** The currency was originally created and held 100% by the inventor of the USDI currency before 95% of all USDI premined currency was provided as grants to individuals, businesses and trusts that operate throughout the economy.

7. **Is the application fully functioning or in early stages of development?** [5] —— The USDI digital currency is fully developed using Proof of Stake software that has been developed over nearly a decade and exists on a decentralized network of user computers globally. There is no further development by any team. USDI is a fully functioning, low-energy, fast and reliable digital cryptocurrency.

1. Aruba and the Netherlands Antilles, former Dutch colonies in the eastern Caribbean, peg to the U.S. dollar, as do the islands that use the Caribbean dollar. Those include Antigua, Dominica, St. Kitts, St. Lucia, St. Vincent and the Grenadines and Grenada. Barbados fixes its dollar with the U.S. currency, and the Bahamas, Belize, Bermuda and Cuba are other island nations around the Gulf of Mexico that peg to the dollar as well. Bolivia, Ecuador, Guyana, Panama and Venezuela are mainland countries in Central and South America using fixed-rate valuation. Bahrain, Iraq, Jordan, Lebanon, Oman, Qatar, Saudi Arabia and the United Arab Emirates each use the U.S. dollar as a currency peg. Hong Kong has pegged to the U.S. dollar since 1998, and Mongolia. Kazakhstan, Turkmenistan and Vietnam are others tying to the dollar. The Chinese yuan was pegged to the U.S. dollar starting in 1994 until 2005.

8.
   1. SEC Chairman Jay Clayton in an interview on CNBC, June 25, 2019

9.
   1. SEC v. W.J. Howey Co., 328 U.S. 293 (1946)

10.
   1. Speech by William Hinman, “Digital Asset Transactions: When Howey Met Gary (Plastic)”, June 14, 2018.

11.
   1. Ibid.

AS WE UNDERSTAND CURRENT AND POTENTIALLY NEW RULES & REGULATIONS HEADING TOWARDS THE CRYPTOCURRENCY LANDSCAPE, WE BELIEVE THAT USDI WAS CREATED IN A COMPLIANT AND LEGAL FASHION AND THAT CURRENT AND POTENTIAL NEW RULES DO NOT AND LIKELY WOULD NOT ADVERSELY EFFECT USDI.

Application of Howey to USDI

Under the Howey test, an “investment contract” exists when there is the investment of money in a common enterprise with a reasonable expectation of profits to be derived from the efforts of others.

A. The Investment of Money
There is an investment of money if there was an offer and sale of a digital asset in exchange for value, whether in the form of real (or fiat) currency, another digital asset, or other type of consideration.

THERE WAS NO OFFER NOR SALE OF USDI, AND ITS CREATION WAS FUNDED BY ITS SINGLE CREATOR.

B. Common Enterprise

Common enterprise exists when the profits of multiple investors are combined and depend on the success of third parties that are hired or those offering or selling the investment.

THERE WAS NO COMMON ENTERPRISE, AS THERE WAS NO SINGLE NOR MULTIPLE INVESTORS POOLING MONEY TO BE USED TO CREATE USDI.

C. Reliance on the Efforts of Others
Whether a purchaser is relying on the efforts of others focuses on two key issues:

- Does the purchaser reasonably expect to rely on the efforts of an AP?

THERE WAS NO SALE OF USDI TO INVESTORS. USDI WAS CREATED AND THEN GIVEN AT NO COST TO AN ORGANIZATION (THE AMERICAN FEDERATION TRUST OR “AFT”) WHOSE JOB IS TO GRANT THIS USDI TO WORTHY CAUSES. THERE IS NO FURTHER WORK TO BE DONE ON THE USDI COIN. THE VALUE OF USDI IS BASED SOLELY ON THE U.S. DOLLAR PLUS INFLATION PROVIDED BY RELIABLE OUTSIDE SOURCES.

- Are those efforts “the undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise,” as opposed to efforts that are more ministerial in nature?

THERE IS NO ENTERPRISE MANAGING FURTHER DEVELOPMENT OF USDI.

USDI’S VALUE IS SET BY THE COMMUNITY WHO USE THE CURRENCY AND IS REFLECTS AN INFLATION ANALYSIS AND A SUGGESTED PRICE BASED ON THAT ANALYSIS.

Where the network or the digital asset is still in development and the network or digital asset is not fully functional at the time of the offer or sale, purchasers would reasonably expect an AP to further develop the functionality of the network or digital asset (directly or indirectly). This particularly would be the case where an AP promises further developmental efforts in order for the digital asset to attain or grow in value.

- THE USDI NETWORK AND USDI HAVE NO DEVELOPMENT REQUIREMENTS AND IS FULLY FUNCTIONAL AND THERE IS NO OFFER OF SALE. NO PROMISES OF FURTHER DEVELOPMENT WAS MADE TO ANY OWNERS OF USDI.

- THERE ARE NO ESSENTIAL TASKS OR RESPONSIBILITIES TO BE PERFORMED BY AN AP, AND INSTEAD IS AN UNAFFILIATED, DISPERSED COMMUNITY OF NETWORK USERS KNOWN AS A DECENTRALIZED NETWORK JOINTLY SUPPORTS USDI BY DOWNLOADING AND USING DESKTOP WALLETS THAT ACT AS NODES ON THE FINANCIAL NETWORK SUPPORTING USDI.

- THERE IS NO AP CREATING OR SUPPORTING A MARKET FOR, OR THE PRICE OF USDI. THERE IS NO AP THAT: (1) controls the creation and issuance of the digital asset; or (2) takes other actions to support a market price of the digital asset, such as by limiting supply or ensuring scarcity, through, for example, buybacks, "burning," or other activities.

- THERE IS NO AP THAT HAS A LEAD OR CENTRAL ROLE IN THE DIRECTION OF ONGOING DEVELOPMENT OF THE NETWORK OR USDI. THERE IS NO AP WHO PLAYS A LEAD OR CENTRAL ROLE IN DECIDING GOVERNANCE ISSUES, CODE UPDATES, OR HOW THIRD PARTIES PARTICIPATE IN THE VALIDATION OF TRANSACTIONS THAT OCCUR WITH RESPECT TO USDI.

    - Determining whether and where the digital asset will trade. For example, USDI OWNERS SHOULD NOT rely on an AP for liquidity, such as where the AP has arranged, or promised to arrange for, the trading of the digital asset on a secondary market or platform. HOLDERS OF USDI CURRENCY MAY LIST USDI ON EXCHANGES.

    - Playing a leading role in the validation or confirmation of transactions on the USDI network, or in some other way having responsibility for the ongoing security of the network.

    - Making other managerial judgements or decisions that will directly or indirectly impact the success of the network or the value of the USDI generally.

Purchasers SHOULD NOT expect an AP to undertake efforts to promote or enhance the value of the USDI network or USDI.

D. A Reasonable Expectation of Profits
There were never investors in USDI. It is money, similar to fiat currency, with nothing of intrinsic value or assets backing the coins value. It is not backed by another form of money. USDI is money that is valued only by what those who use it in commerce deem it to be worth. Because USDI is pegged to U.S. dollars plus inflation the currency may go up or down in value based on inflation information on the food & fuel, taken from reliable outside sources, plus the total U.S. dollars in circulation within the United States and not globally.

USDI does not provide the holder rights to share in any enterprise's income or profits. Trading currency such as dollars, euros, bitcoin and other money is speculative in nature. The purpose of USDI is to spend for goods, services and to pay debts, where accepted by those who accept USDI as money.

USDI is not a security and does not pay dividends.

Purchasers should not expect that an AP's efforts will result in capital appreciation of the USDI nor should they expect to earn a return on owning USDI.

USDI is used for the purchase of goods or services or to pay debts where accepted.

WORDS OF EXTREME CAUTION

USDI has been designed as a decentralized digital currency that is not controlled or managed by any entity attempting to produce profits nor distributions to owners. The value given to it is what the community who use it pay for it.

We consider USDI to be MONEY. It is not backed by money. Like ALL global currency, whether issued by a government or other, USDI is backed by nothing other than the sentiment of the community that uses it for commerce or a store of value. USDI is NOT LEGAL TENDER.

The creators of USDI believe that it is not a security as defined under the US Securities laws and interpreted by the Securities and Exchange Commission (SEC) and the courts. However, no guarantee can be made that the SEC won't take a contrary position and attempt to require registration of USDI and/or impose sanctions. Any trading of USDI currency may result in a total loss. This is a significant risk and those trading other currency for USDI must be able to afford it losing all of its value. It is possible that there will be no volume of exchange and that USDI cannot be traded for other currency or used in commerce or for debts private or public, leaving you no way to liquidate your USDI. Trading in any currency for profit or holding any currency to use in commerce is risky for inflationary reasons among other risks, and as a new currency USDI is highly speculative and should be treated accordingly.

NOTHING IN THIS DOCUMENT IS LEGAL OR FINANCIAL ADVICE. YOU SHOULD SEEK PROPER FINANCIAL AND/OR LEGAL COUNCIL FROM A LICENSED PROFESSIONAL BEFORE TRADING ANY DIGITAL CURRENCY. DIGITAL CURRENCY SPECULATION IS CONSIDERED TO BE VERY HIGH RISK AND YOU COULD LOSE EVERYTHING. CONSULT A PROFESSIONAL BEFORE YOU RISK ANY MONEY.

That is how we created what we believe is a legal, compliant currency for use throughout the US economy for those who choose to accept it.