

Web3 Simplicity

DRAFT - White Paper

Web3 Simplicity

Identabit

The Decentralized Custodial Wallet
(facilitated by)

CRDZ

The Encrypted Self Regulating Chain

February 1st 2023

Identabit.com

CRDZ.io

[Placeholders]

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The Key to Web3 (the problem)

For decentralized applications (dApps) to be widely adopted, they must provide a user experience that is at least on par with that of centralized applications.

Our Solution

Identabit provides a decentralized user experience that equals or surpasses its centralized equivalents by delivering a secure, decentralized custodial wallet, underpinned by the CRDZ chain. This facilitates authenticated asset entitlement, tech-free asset recovery, confidential identified use including smart contracts, embedded compliance, performance-sensitive decentralized transaction scanning, named lookups, and chain-encrypted storage of the keys and phrases of a user's digital assets. These unique features result in:

- Digital asset management for everyone
- Architecture for devs building simple to use compliant mainstream services

Not Crypto

Identity, encryption, and embedded compliance are essential features for Web3 services that provide ease of use equivalent to centralized alternatives. However, these features are in opposition to the crypto-tenets of anonymity and transparency that have fueled wild, unaccountable asset bubbles and held back public discourse regarding the limitations of popular monoliths, such as Ethereum and Solana. Such discourse would trigger a sell-off of Layer 1 chains inextricably locked into a speculative anonymous use case. As a result, anonymous incumbents are faced with attempting intractable Layer 2 virtual machine workarounds that are logically insecure and performance impeding (see "Why Not Layer 2")

Our Mission

To build a network effect of devs creating simple-to-use decentralized confidential mainstream services enabled by chain embedded compliance for a growing base of transacting users.

Why Us

To our credit, we have a track record of building global companies and teams of exceptional people, solving seemingly impossible technical problems, delivering major projects, raising funds and growing startups starting from a determined core team.

In summary we understand the onerous steps required to achieve success.

The Difference

As with every blockchain startup, we started small and are steadily increasing our funding and hiring efforts in order to achieve measurable metrics. However, we do differ in that our focus is not on becoming a better cryptocurrency, but rather on developing applications that benefit from our underlying, open-source compliant blockchain, which is specifically designed for building mainstream services. So instead of catering to speculative, performance-based communities, CRDZ tokens are designed to incentivize the productivity of the services that we and our partners build, with the appreciation of the underlying tokens being a byproduct, not the primary objective.

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Background - Web3's challenges

The points below highlight the fundamental obstacles that have prevented truly decentralized ecosystems and resulting mainstream services from becoming a reality. Identabit decentralized custodial wallet and the underlying CRDZ blockchain address each of these obstacles.

Identity

Mainstream service providers, such as financial institutions, e-tailers, distributors, and manufacturers, require users to identify themselves for deliveries, security, contracts, tracking user activity, incentives, and data collection. To integrate transaction oversight and transaction incentives, authenticated identification must either be embedded in the blockchain or entrusted to traditional centralized storage, defeating the prospects of trustless decentralization.

Confidentiality

Mainstream organizations, such as financial institutions and service providers, prioritize confidentiality in order to protect their business activities and customer data from competitors and outside parties. In order to be adopted by these organizations, cryptocurrency must provide a high level of privacy and security

Compliance

Compliance is a fundamental aspect of Web3 adoption for financial service providers, equity and commodity brokers, realtors, and any other business type that is expected to transact in accordance with established safeguards. For Web3 to reach its full potential, the underlying blockchain must not only manage AML/CTF safeguards, but also programmable, chain-embedded compliance for all future asset classes. If not adopted, centralized compliance solutions will undermine the value proposition of Web3.

Asset Recovery

Everyday users cannot be expected to entrust major assets to future Web3 platforms if the retrieval of lost assets is in doubt due to an individual's capabilities, a weakness that has led to crypto adopters relying on the simplicity of untrustworthy centralized exchanges or dependence on error prone self-custody solutions. Simple, reliable recovery of digital assets, supported by trustless customer support is non-negotiable.

Comparative Experience

Users will continue to reject decentralized services that do not offer the transaction simplicity that they have come to expect from conventional centralized incumbents. In order for users to seamlessly transition to decentralized services, we are convinced that Web3 must offer a user experience that is comparable to or better than today's centralized incumbents. A simple experience must determine innovation because if compromised, the overall value proposition will be ignored.

Introduction

Identabit aims to revolutionize the way digital assets are stored, traded, and managed by providing a decentralized custodial (chain secured and managed) wallet that simplifies the experience for users. Its underlying confidential architecture, powered by the CRDZ blockchain, ensures the security and privacy of users and their transactions. One of the key features of Identabit is seamless access to CRDZ embedded authenticated decentralized identity (DID), which allows users to easily and securely access mainstream services and perform authenticated entitlement, lookups, and transfers. This makes it easier for users to manage their digital assets and ensures that their transactions are secure. Users only have to manage a single, embedded authenticated identity, which can be reused across many services.

In addition to CRDZ authenticated identity feature, Identabit also benefits from CRDZ confidential smart contracts and encrypted user and transaction data. This is essential for applications that require confidentiality throughout the ecosystem, such as those involved in financial transactions or sensitive data storage.

To address concerns about compliance and the potential for transactions to violate transfer and trading safeguards, Identabit leverages CRDZ decentralized programmable compliance. This allows the platform to detect, prevent, and report on any transactions that may be in violation of these safeguards, ensuring that users can trust the platform to handle their assets responsibly.

Finally, Identabit also offers user-authenticated asset recovery, eliminating the need for users to manage their own private keys and seed-phrases. This makes it easy for users to manage their assets and reduces the risk of lost or stolen assets.

Overall, Identabit is an innovative solution that makes it easier and more secure for users to transact using digital assets and shines a light on the potential for developers wanting to transform centralized systems to mainstream decentralized services.

Product

Identabit is a decentralized custodial wallet that provides a simple and easy-to-use interface for securely storing digital assets on CRDZ, the underlying L1 encrypted self-regulating blockchain built using the Cosmos SDK. The wallet takes advantage of various unique features of CRDZ, such as encrypted identified transactions, confidential smart contracts, and chain-encrypted storage and cloaking of keys and seed-phrases, all aimed at ensuring the security and ease of use for the user.

Central to Identabit's secure and user-friendly experience is the performance-sensitive decentralized named-lookup function, which allows for quick and easy lookups of products and users when executing transactions. Additionally, Identabit also benefits from CRDZ decentralized programmable compliance and performance-sensitive transaction scanning for regulatory adherence, ensuring compliance with all relevant regulations. This is particularly beneficial for businesses and individuals, who must adhere to a variety of laws and regulations.

At the core of Identabit is the goal of providing a user experience that is equal to that of centralized services, as anything less may result in the rejection of decentralized services. By allowing the CRDZ chain to manage keys and seed-phrases as well as providing the ability for

decentralized lookups of counterparts, Identabit offers a secure and simple experience that meets the expectations of users accustomed to centralized services.

Ease of Use

The Identabit decentralized custodial wallet is designed to provide a secure and simple user experience due to, patent-pending, decentralized lookup of authenticated users, cloaking of cryptographic keys and seed-phrases, and wallet/asset recovery free of seed-phrases and technical competence. Delivering a user experience that equates to or exceeds that of a centralized service.

By hiding cryptographic keys and seed-phrases from the user and embedding identity into the underlying chain, the wallet makes it simple and secure for users to initiate transactions and avoid the transfer of stolen or fraudulent funds.

Additionally, the use of proof-of self recovery allows users to easily regain access to their lost wallet by proving their identity to an accredited signing authority, rather than relying on backing up seed-phrases or private keys.

These features make the Identabit decentralized custodial wallet a superior, convenient and secure option for users looking to manage their digital assets without having to trust a centralized exchange or take on the onerous responsibility of self-custody that comes with user-managed private keys and seed-phrases.

Security

The Identabit decentralized custodial wallet aims to solve the issues of untrustworthy centralized exchanges, vulnerable wallets that require users to manage seed-phrases and private-keys, and easy-to-misplace cold storage hardware wallets.

Powered by CRDZ, Identabit introduces an innovative decentralized custodial wallet that authenticates users and their access to seed-phrases and private-keys stored on a blockchain.

Identabit's user-friendly and secure experience is made possible by the fully encrypted blockchain, which securely stores identity and keys to any type of asset. The realization being that since we already trust the blockchain with our digital assets, we can also trust it with the credentials to all our digital assets, especially since they are secured by encryption and recovery relies on verified proof-of-self.

The level of security required may vary based on the value of the assets and the effort a user is willing to invest in protecting them. For example, for less valuable assets, simple online self-authentication and self-reauthentication may be sufficient, but for more valuable assets, such as the family home, multi-part reauthentication might be preferred, involving in-person proof of identity and the involvement of accredited future "signing-authorities," such as banks and large accounting firms. In context, should anyone place reliance on skills and recollection to secure our most valuable assets.

Self-Regulation

After conducting numerous interviews with institutional compliance officers and regulators in Australia (Austrac) and the Philippines (BSP), we realized that traditional compliance focuses on

"detect and capture." Approximately 80% of Australia's discreetly reported suspicious transactions are made by banks reporting transactions that occur outside their specific network and across borders. However, with Identabit, transactions are conducted by authenticated users within the CRDZ network, allowing for a pro-active "detect and prevent" method, rather than the current "detect and capture" approach.

This approach involves real-time, end-to-end transaction scanning that alerts users to potential infringements of governance boundaries and offers them the choice to explain or withdraw their transactions. This can apply to any digital asset class supported by the self-regulating CRDZ blockchain. The benefits of this approach, confirmed by regulators and compliance officers, include protecting society from bad actors yet allows users to retain control of their privacy. The process includes decentralized confidential transaction scanning, encrypted submission of suspicious transactions, and community acceptance of updates to embedded compliance rules.

Overall, self-regulation allows Web3 to prioritize protecting society and effectively address illicit transactions while balancing privacy and innovation. This approach eliminates negative perceptions of anonymity and lack of controls associated with crypto and opens the door to decentralized, programmable, multi-asset class compliance.

Competition

Competition for CRDZ stems from the perceived momentum and dominance of existing monolithic chains like Ethereum and Solana. Consequently, it is important to define the competing objectives of Alt-coins and CRDZ before concluding that they are similar projects.

Alt Coins

The objective of Alt-Coins from the get-go has been to promote speculative value by way of promised outcomes founded on aspirational goals that appeal to crypto's gambling-inclined community. What its creators and community have not highlighted are answers as to why Alt-coins haven't given birth to regulatory-credible, useful mainstream applications that drive sustainable adoption.

When the shortcomings are highlighted, they are obvious yet threatening to the value of speculative chains. The majority of real/corporeal/substantive? organizations building out services have non-negotiable requirements, such as confidential, identified, compliant transactions. These are fundamentals that are diametrically opposed to every aspect of Satoshi's original anonymous transparent design for digital-cash. A design that was adopted by projects intent on attracting speculators at the expense of mainstream adoption.

As a result, there have been countless mainstream projects that demand simple-to-use, confidential identified compliant payment and incentive initiatives that have failed to materialize. Initiatives that require extremely efficient encrypting and decrypting of transactions in order to protect chain-embedded identity and transaction values when conducting lookups and transaction analytics.

When considering compliant encryption, there are only two options:

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1. Develop at Layer 1, in a language that compiles down to machine code, which makes optimal use of validator enclaves (black boxes).
2. Develop at Layer 2, in a language such as Solidity that compiles down to inefficient byte-code, but still needs to be adapted to use validator enclaves.

Only option 1 has the potential to deliver an efficient encryption experience. However, to modify the wallet and transaction-impacted machine code of an existing monolith, like Ethereum, to encrypt and decrypt transactions is beyond practical, beyond economical, beyond expert, and beyond the unthinkable. To put it in perspective, it is best to reflect on how many unplanned delays and years it has taken for Ethereum's past versions to materialize, versions that didn't even require changes to its fundamental anonymous transparent architecture.

CRDZ

CRDZ architecture, in contrast began with what is believed to be fundamental realities:

- Simple-to-use, confidential identified compliant transactions are fundamental to mainstream adoption
- Encryption is an overhead that must be executed at machine speed
- Access to languages that execute at machine speed requires a software architecture designed for repurposing
- Enclave processing must be optimized to limit their performance impact
- A patent-pending design was required to make enclave optimisation possible
- Platform utility and resulting applications must drive the adoption of the governance token rather than reliance on speculation.

Integration

The Identabit decentralized custodial wallet integrates with other platforms and services through the use of bridges and the Cosmos' Inter-Blockchain Communication (IBC) protocol..

These integration methods allow for the Identabit decentralized custodial wallet to connect with a wide range of platforms and services, enabling users to easily transfer and manage their assets across different blockchain networks.

Network Effect

The first step in building this network effect is to create a platform that is easy for developers to use and build on. This involves building developer friendly APIs, comprehensive documentation and support resources for developers.

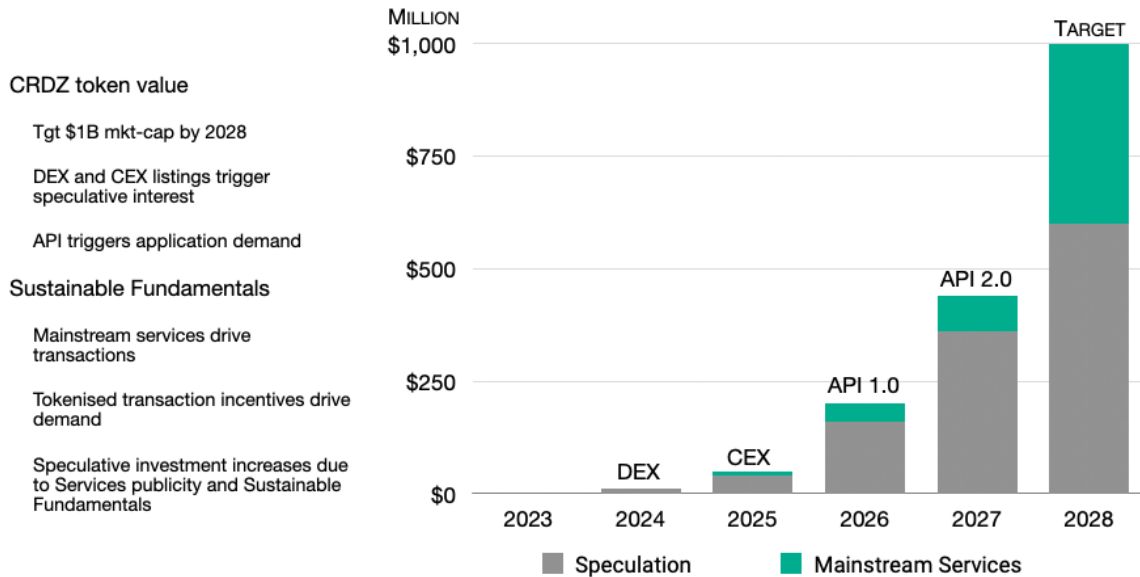
Once the platform is in place, the next step is to encourage developers to create decentralized mainstream services that are accessible to a wide range of users. This may involve offering incentives or rewards for developers who create particularly successful or innovative services.

As more developers create decentralized mainstream services, and more users begin using these services, the network effect will start to take hold. As more users join the network, the

value of the services will increase, leading to even more developers joining the ecosystem and creating new services.

To sustain this network effect over the long term, it will be important to continually support and engage with developers, to address any issues or challenges that may arise.

MAINSTREAM UTILITY DRIVES NETWORK EFFECT



Tokenomics

Project Tokens and Sub-Assets

Underlying Identabit is the CRDZ utility token "CRDZ" that's used as the governance currency for transactions on the platform. The platform allows projects to issue sub-assets, or "Project Tokens" to incentivize users by way of smart-contracts to complete certain tasks. These ProjectTokens can be exchanged for CRDZ at a predetermined exchange rate, providing users with a financial reward for their contributions to the platform.

This use of tokenomics, or the use of tokens as a means of incentivizing certain behaviors, is a common strategy in decentralized platforms. By issuing tokens to users as a reward for their contributions, "projects" can motivate their users to engage with the platform and contribute value to the network. The exchange rate at which Project Tokens can be redeemed for CRDZ allows users to determine the value of their contributions and provides the financial incentive for them to continue contributing to the platform.

Alternatively initiatives tokenizing incentives can choose to underwrite token value and over time create recognized value and new market opportunities but the value of all tokens will be determined by oracles that enable respect for jurisdictional compliance.

Allocation (Work in Progress)

TBA

Path to Substance

Based on our research, no one has built a simple-to-use wallet decentralized-custodial-wallet that's ease of use and security is equivalent to centralized alternatives. Given the exciting opportunity to bring the first wallet interface that is equivalent to centralized incumbents, such as Apple Pay, Venmo, and PayPal, ThinkingActive's launch will focus on the Identabit decentralized custodial wallet, the first app built using the required, unique features of the CRDZ chain. The Identabit wallet will enable simple-to-use, compliant management of all digital assets and will be well-suited for any decentralized project that wants ease of use, privacy, and the compliant safeguards required of selected asset classes. As a result, priorities will focus on existing institutional and crypto projects that are looking for these features, including existing compliance-challenged DeFi projects and next-gen remittances.

Summary

The Identabit decentralized custodial wallet solves the problem of user reliance on centralized exchanges and the burden of managing self-custodial wallets by providing a consumer-friendly experience that simplifies the management of digital assets and private keys.

It also offers authenticated and confidential transfers and the ability to recover assets in a user-friendly manner.

Additionally, it includes features such as AML and trading compliance and the ability to enable conditional transfers through confidential smart contracts, making it suitable for institutional-grade transactions that demand compliant confidential transactions.

Overall, the Identabit wallet aims to make it easier for users to access decentralized exchanges as well as other mainstream decentralized applications, opening the door to developers keen to build disruptive mainstream decentralized services that require confidential identified compliant use, creating demand for the underlying asset and its fundamentals.