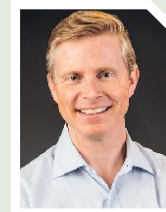# MEDICI VENTURES

Blockchain Use Cases Actually Being Used

Re-Wire Policy Conference
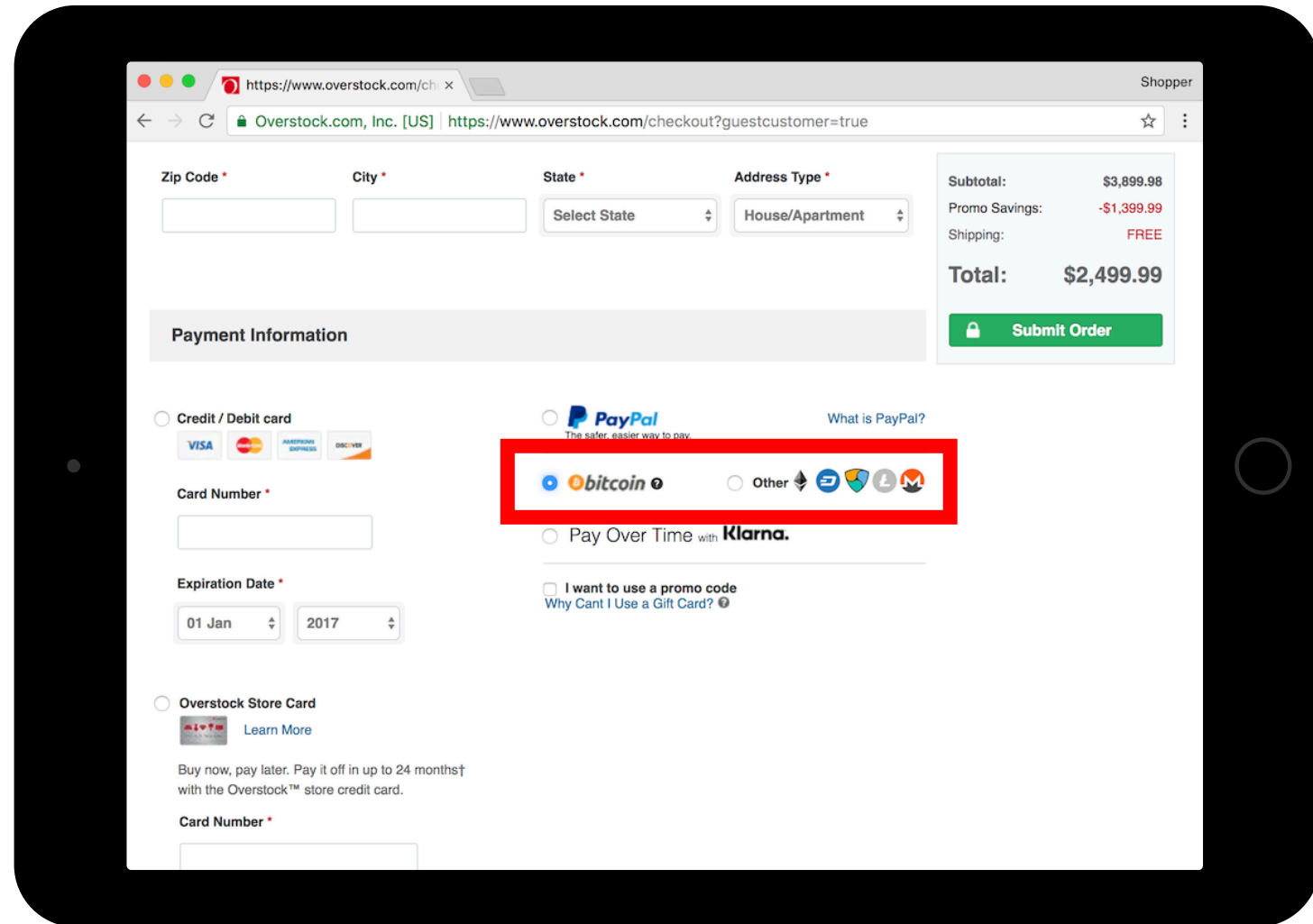**December 12, 2017**

Jonathan Johnson
President, Medici Ventures
Board of Directors, Overstock.com

MEDICI VENTURES

@JJohnsonNow
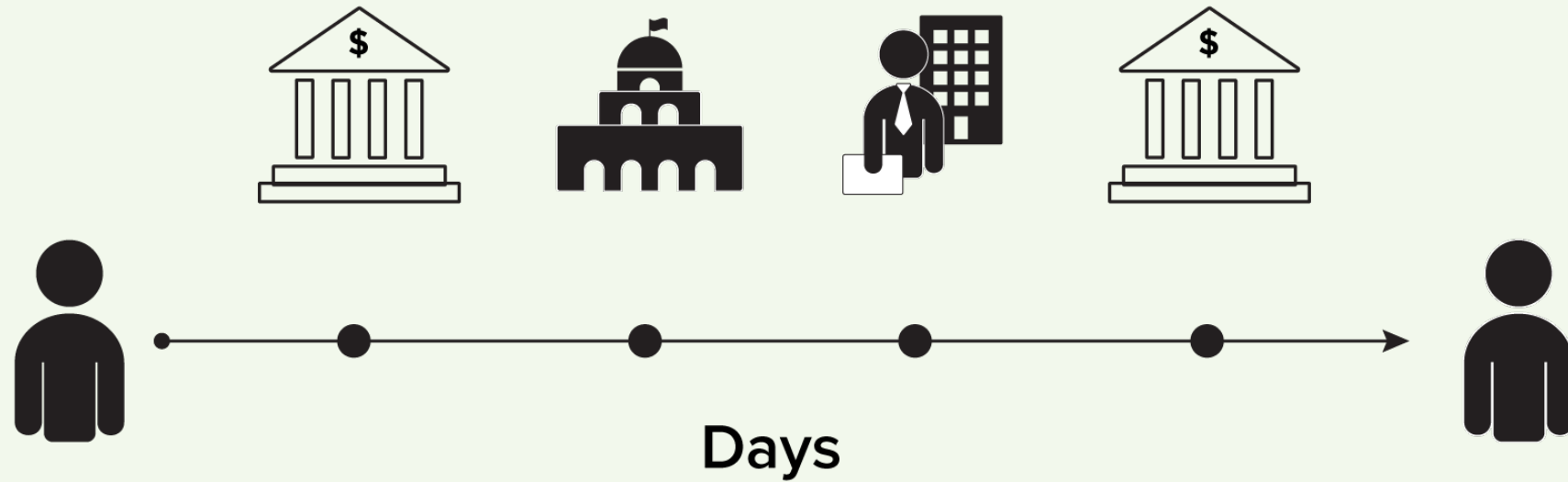**@Medici_Ventures**

overstock.com®

- **2014**: Bitcoin accepted, Medici formed
- **2015**: First private blockchain security
- **2016**: First public blockchain security
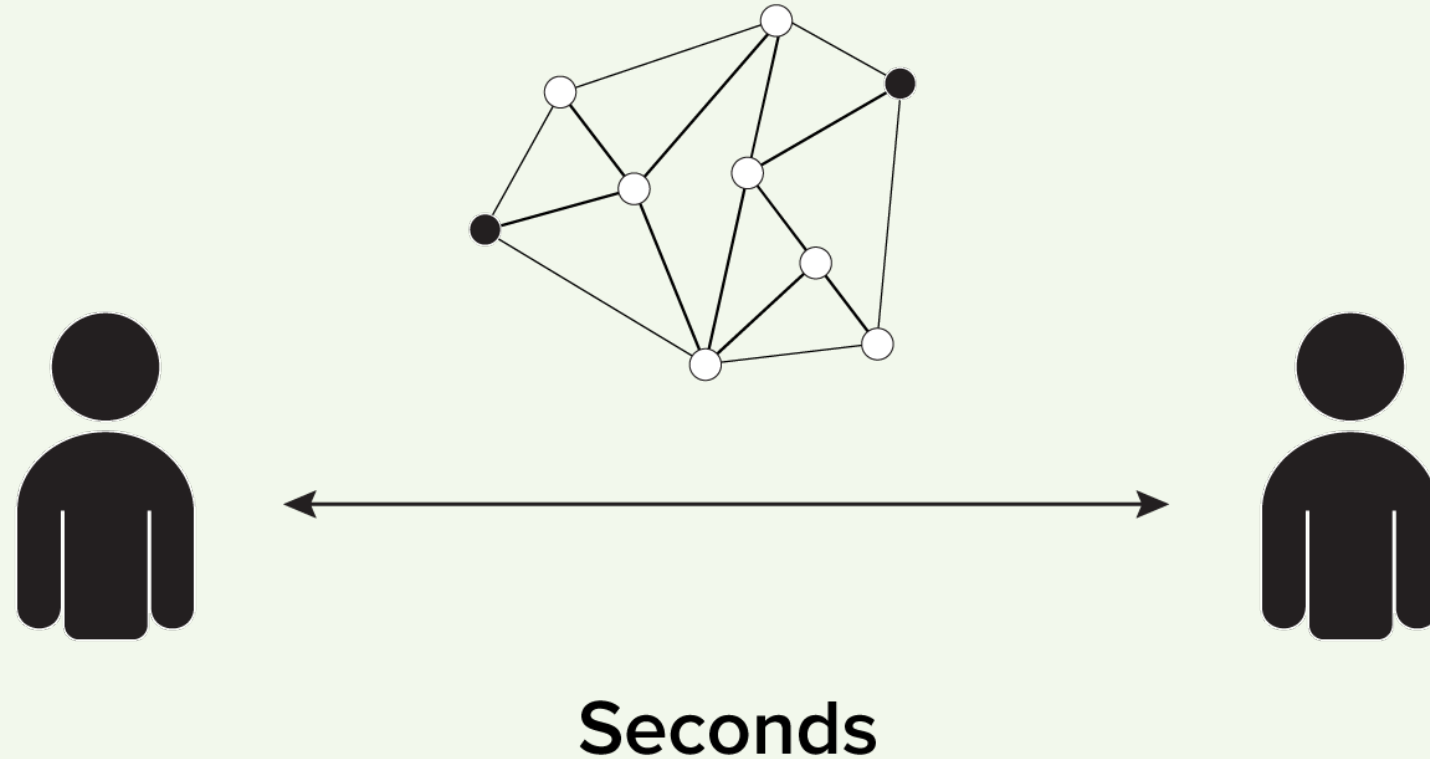- **2017**: Over 50 altcoins accepted

BLOCKCHAIN **IS MORE THAN** BITCOIN

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The Current Process: "Trust Brokers"

Days

Future State: "Trust Through Technology"

Seconds

Blockchain is "[t]echnology that allows people who don't know each other to trust a shared record of events." – Bank of England

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What Problems does Blockchain Solve?

- Intermediaries
  - Take time and add cost

- Proof of Provenance/Identity
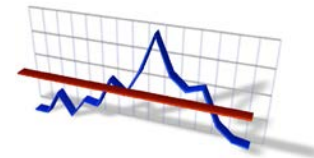 - Especially when linked w/ smart contracts

- Lack of Transparency
  - Easy to cheat others by modifying records or withholding information

- Transaction thresholds
  - Payments don't go out until they reach threshold necessary to cover the cost

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Medici Ventures Vision

Advancing blockchain technology that:

- Democratizes Capital
- Eliminates Middlemen
- Re-Humanizes Commerce

Key Areas of Focus
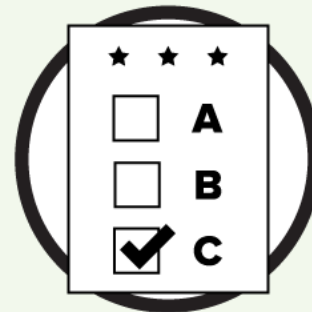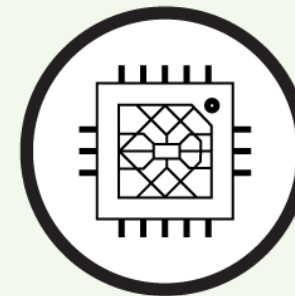
Capital Markets

Money & Banking

Identity
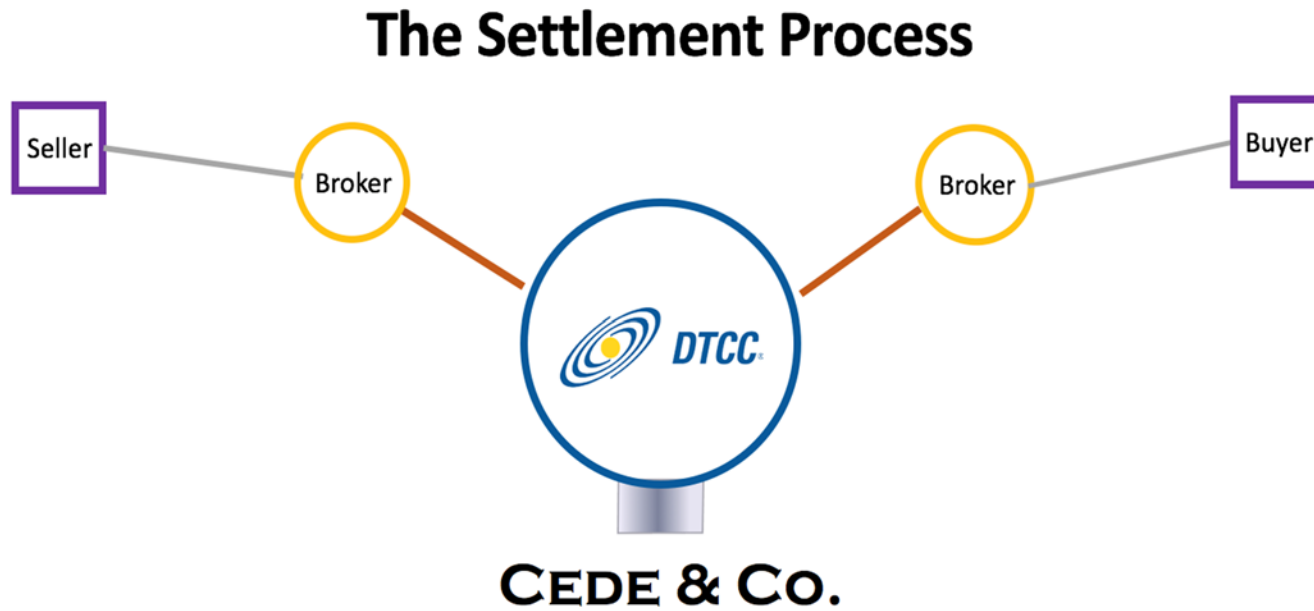
Property & Land

Voting

Underlying Technology

Strategic Global Investments

Blockchain in Capital Markets

Smart Contracts Use Case: Securities Settlement

The Settlement Process

Seller — Broker — DTCC — Broker — Buyer

CEDE & CO.

tZERO

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tZERO Smart Contracts

Seller Wallet
Smart Contract Wallet
Buyer Wallet

*All dates and times Eastern

Track the history of symbol — OSTKP
between start of day (12:00 AM Eastern) on — 2017-08-08
and end of day (midnight Eastern) on — 2017-08-08 — GO

Timestamp	Type	Address	Change
Aug 8th, 09:58:03	Refunded Currency	0xad5e87169462c75d68c562605f0a0c2772d5bf43	+25.00 USD
Aug 8th, 09:58:03	Price Improvement	0x144ea72a4116db80cf421f218e65321df3e44839	-25.00 USD
Aug 8th, 09:58:03	Settled Currency	0x144ea72a4116db80cf421f218e65321df3e44839	-850.00 USD
Aug 8th, 09:58:03	To Seller	0xfa6ad886b8b6d7687ab2f3fc13aa59c7990394d4	+850.00 USD
Aug 8th, 09:58:03	Settled Security	0x144ea72a4116db80cf421f218e65321df3e44839	-50 OSTKP
Aug 8th, 09:58:03	To Buyer	0xad5e87169462c75d68c562605f0a0c2772d5bf43	+50 OSTKP
Aug 8th, 09:58:03	Committed Currency	0xad5e87169462c75d68c562605f0a0c2772d5bf43	-875.00 USD
Aug 8th, 09:58:03	Buy 50 OSTKP @ 17.50	0x144ea72a4116db80cf421f218e65321df3e44839	+875.00 USD
Aug 8th, 09:57:39	Refunded Currency	0xad5e87169462c75d68c562605f0a0c2772d5bf43	+825.00 USD
Aug 8th, 09:57:39	Cancel Requested	0x144ea72a4116db80cf421f218e65321df3e44839	-825.00 USD
Aug 8th, 09:57:19	Committed Currency	0xad5e87169462c75d68c562605f0a0c2772d5bf43	-825.00 USD
Aug 8th, 09:57:19	Buy 50 OSTKP @ 16.50	0x144ea72a4116db80cf421f218e65321df3e44839	+825.00 USD
Aug 8th, 09:57:09	Committed Security	0xfa6ad886b8b6d7687ab2f3fc13aa59c7990394d4	-200 OSTKP
Aug 8th, 09:57:09	Sell 200 OSTKP @ 17.00	0x144ea72a4116db80cf421f218e65321df3e44839	+200 OSTKP
Aug 8th, 09:54:17	Issuance	0xfa6ad886b8b6d7687ab2f3fc13aa59c7990394d4	+2,000 OSTKP

Ledger Proof

Seller's unsold shares remain escrowed in smart contract wallet

Difference between bid and ask price returned to buyer

Smart contract executes and settles instantly

Buyer escrows funds to smart contract wallet

Buyer cancels order; funds released from smart contract wallet

Buyer and Seller escrow funds and shares to smart contract wallets

Issuer issues 2000 shares of OSTKP

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tZERO

How big is this problem?

"There are additional regulatory changes
that this breakdown of the central pillar of competitive markets requires
in order to return to stability,
particularly in the areas of fraud, settlement, and securitization."

- Alan Greenspan | October 23, 2008

Dole Food Had Too Many Shares

It's enough to make you wish for a blockchain.

By Matt Levine
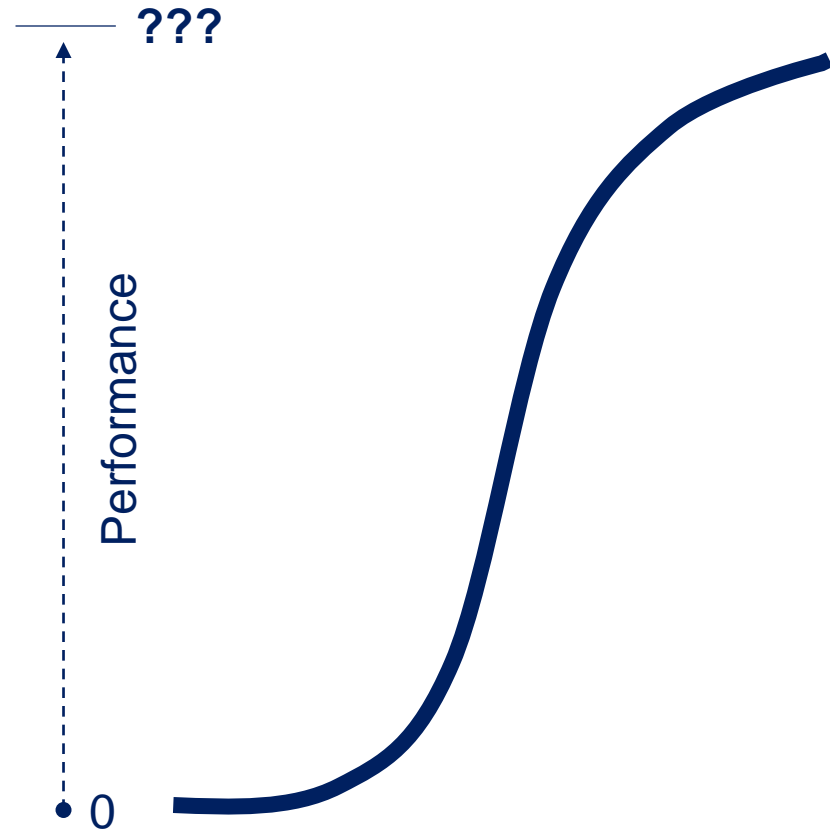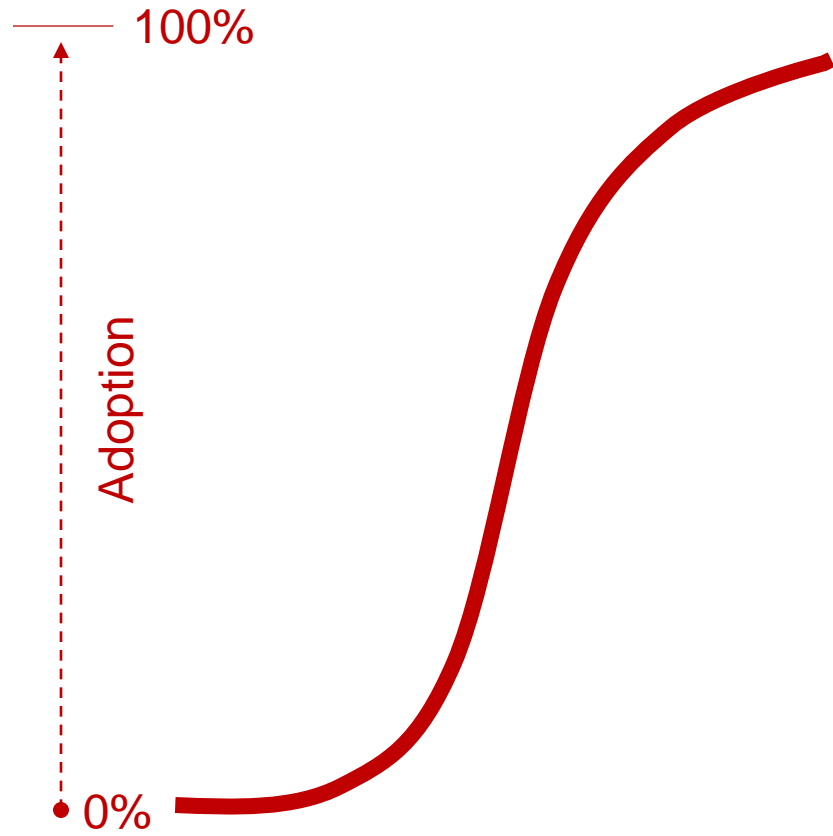
💬 28   February 17, 2017, 8:00 AM MST

Dole Case Illustrates Problems in Shareholder System

Deal Professor

By STEVEN DAVIDOFF SOLOMON   MARCH 21, 2017

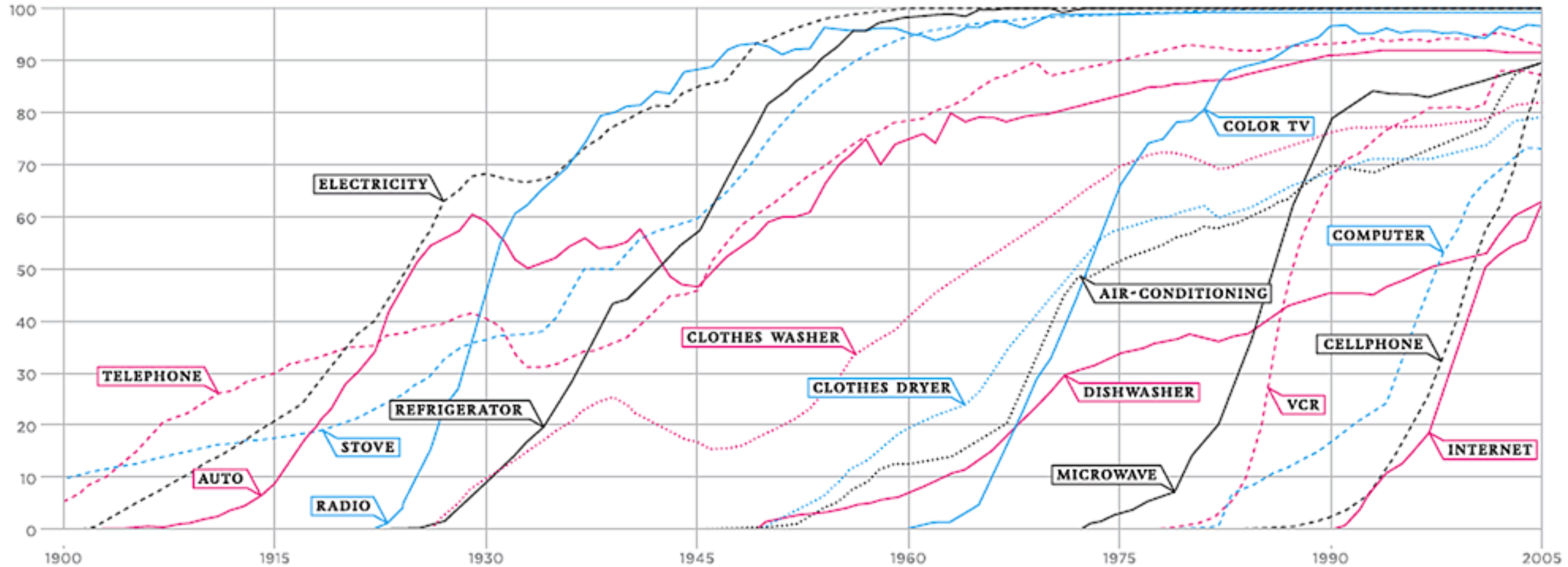## 49 million valid claims on 37 million outstanding shares
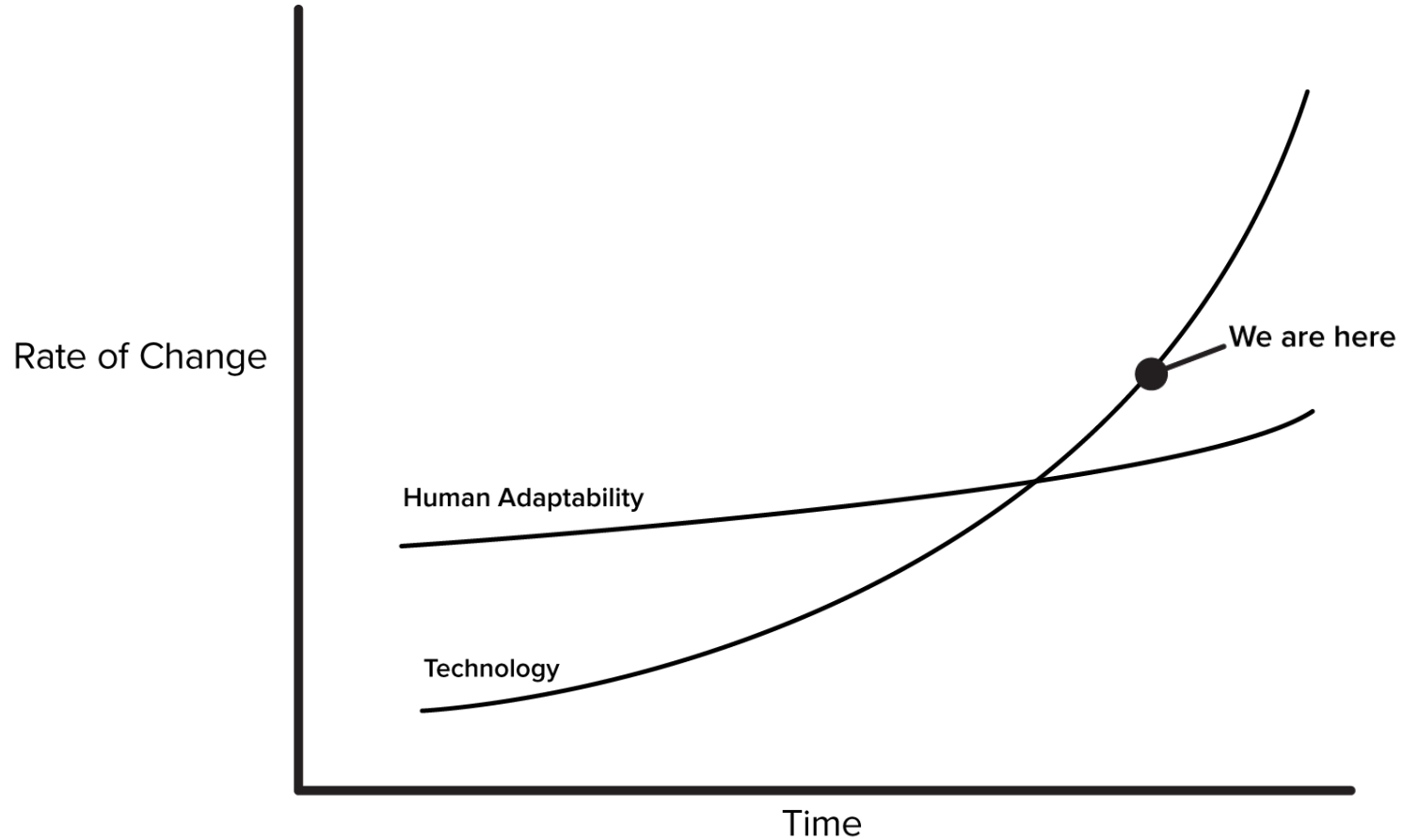
Two S-Curves

Historical S-Curves

CONSUMPTION SPREADS FASTER TODAY

Source: Felton (2008)

Adapting to Technological Change

Rate of Change

We are here

Human Adaptability

Technology

Time

Astro Teller
Captain of Moonshots, Google[X]

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Advancing Blockchain Technology