

[PROPOSED] PUBLIC PARTNERSHIP

BETWEEN

THE



City of  
**Evanston**<sup>TM</sup>

AND



The Institute for the Development and Preservation of Culture and Self-Sufficiency (Non-profit)  
[www.IDPCS.org](http://www.IDPCS.org)

AND



Government Blockchain Association (Non-profit)

AND



FOR THE PURPOSE OF DEVELOPING A SOLUTION **FOR LOCAL DISBURSEMENTS**  
IN ACCORDANCE WITH EVANSTON RESOLUTION 126-R-19

## KEY PEOPLE

### *CITY OF EVANSTON*

- **Tom Suffredin:** 6<sup>th</sup> Ward Alderman - Evanston
- **Rue Simmons:** 5<sup>th</sup> Ward Alderman – Evanston
- **Hietesh Desai:** Chief Financial Officer - Evanston
- **Honorable Lionel Jean-Baptiste:** Former 2<sup>nd</sup> Ward Alderman - Evanston
- **Ann Rainey:** 8<sup>th</sup> Ward Alderman – Evanston

### *THE INSTITUTE FOR THE DEVELOPMENT AND PRESERVATION OF CULTURE AND SELF-SUFFICIENCY (IDPCS)*

- **Don Burris** (Founder) – Attorney who led the U.S. Supreme Court case *Altmann v. Republic of Austria* 541 U.S. 677 (2004), where he won and helped a Jewish-American family retrieve stolen paintings of Gustav Klimt (one of the paintings is worth well over \$135 million now), taken by Nazis from Ms. Altmann's Austrian home when she was just a child (See movie “Woman in Gold”).
- **Andrew Heldut** (Chairman) – Data privacy, consumer & civil rights attorney. Andrew founded an international project (now a sister-project of the IDPCS), dealing with development and women empowerment issues in Africa. Andrew’s aim is to revolutionize global and local development through social entrepreneurial action, technology & education.
- **Shanice Kloss** (Communication Liaison) – Specializes in economic analysis & coordination of various campaigns.
- **Pooja Bhatia** (Vice-Chairman) – Healthcare strategist & value-based care specializing in leading teams and building culture; using data to identify and test opportunities for action; applying technology to solve human problems at scale; and collaborating with a broad ecosystem of players to create widespread impact. MBA graduate from the Kellogg School of Business at the Northwestern University in Evanston.
- **Cozeake Nelson** (Advisory Board Member) – Regional Leader for Primerica, specializing in personalized strategy for financial security for poorer families.

### *GOVERNMENT BLOCKCHAIN ASSOCIATION (GBA)*

The world’s largest blockchain organization bringing business and political leaders, policy makers, and non-governmental organizations together with the aim of making government more efficient and transparent.

- **Gerard Dache** (Founder)
- **Andrew Heldut** (President Chicago)

### *INTERCOIN*

- **Gregory Magarshak** (CEO & Founder)

[proposed] **Resolution**

City of Evanston

WHEREAS, Evanston passed 126-R-19, “A Resolution Establishing a City of Evanston Funding Source Devoted to Local Reparations”; and

WHEREAS, Section 2 of 126-R-19, “The Chief Financial Officer is hereby authorized to divert all adult use cannabis funds received by the Illinois Department of Revenue for sales of adult use cannabis to a separate fund in a City account for local reparations”; and

WHEREAS, The initial investment was set at \$10 million, its specific use left unstated beyond reference to “housing assistance and relief initiatives for African American residents in Evanston” and “various Economic Development programs and opportunities for African American residents and entrepreneurs in Evanston.”

WHEREAS, Anyone who wants to can contribute to the fund;

WHEREAS, The measure passed 8 to 1;

THEREFORE, BE IT RESOLVED, That the City of Evanston, extends its full and unmitigated support to the Intercoin Platform to develop a local community coin, called the “JusticeCoin”, along with the help of the IDPCS, a 501c3 non-profit, structured for the community’s benefit with a separate account, to utilize the Intercoin and coordinate other development projects and other community efforts through the platform.

;and be it further

RESOLVED, For the City of Evanston to determine implementation stages, to determine the definition of a “qualified resident” to receive “JusticeCoins” in the form of “Universal Basic Income” [UBI], including in what quantity and frequency, with the City of Evanston thereby retaining full control of the “communities” Fiscal Policy and Local CPI data.

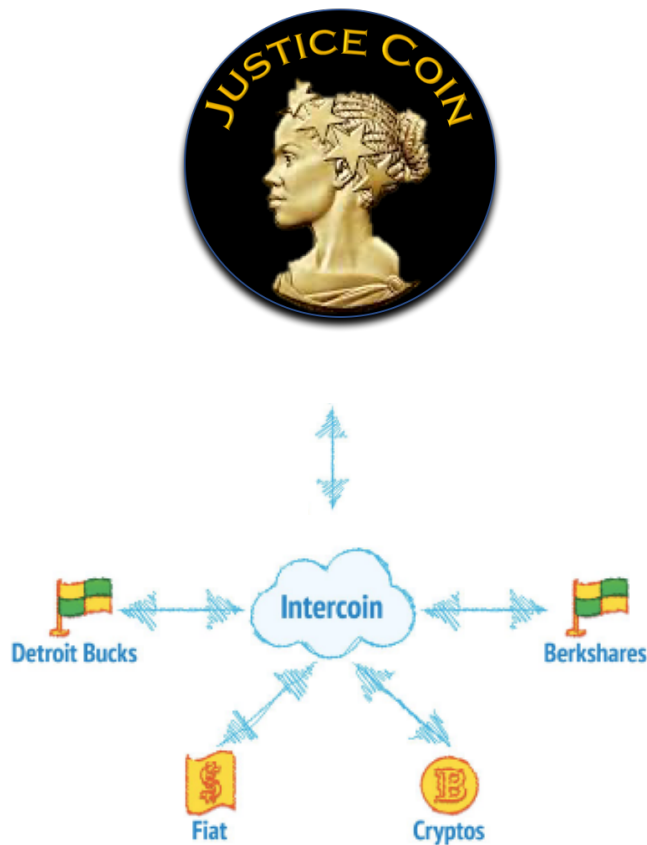
;and be it further

RESOLVED, Any resident in the city of Evanston can join the network to list their businesses on the local Intercoin platform and start accepting the “JusticeCoin” and purchase the “JusticeCoin” with the ultimate intent to create a “Evanston-based community,” in collaboration with The Institute for the Development and Preservation of Culture and Self-Sufficiency and the Government Blockchain Association to boost local development for all.

# WHAT IS INTERCOIN?

[<https://intercoin.org/video>]

Intercoin is an open source platform that has recently been designed to enable communities around the world to issue and manage their own currency-as-a-service (CaaS), to circulate among their local population. On top of this, they can build applications such as UBI, Local CPI, Fundraising and Governance. This leads to stronger communities, greater sustainability, less poverty, and more productivity. Intercoin's payment system can be integrated into any mobile or web application, allowing people to pay one another in the JusticeCoin local currency.



With Intercoin, any community will be able to issue its own currency, and with far more capabilities, including Micropayments, Community Fundraising and Basic Income for community members. The Intercoin platform will help open up a world of innovation in local commerce and governance on our platform.

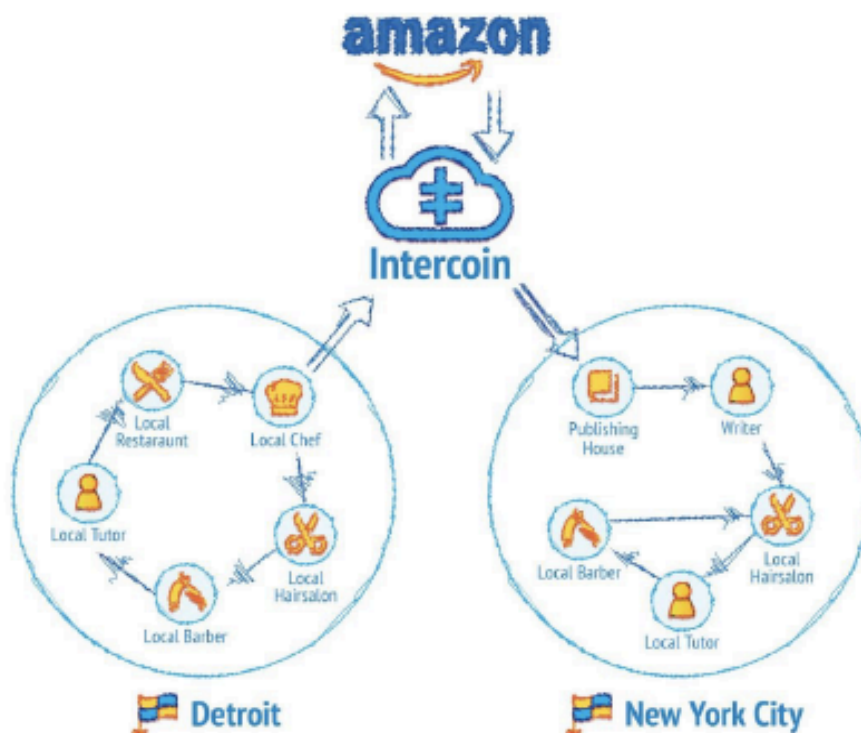
## **LOCAL CURRENCIES (i.e. “The JusticeCoin”)**

Consider a payment system, such as PayPal or Venmo. People can “deposit money” into the system by sending money from their bank account, or depositing via an ATM. In exchange, they get a “balance” in their account, which they can use to pay others, such as local merchants. The recipient may at some point “withdraw money” from the system, causing the system to send money to their bank account. To support these “cash outs,” the payment system must keep money reserves, in some form that is readily convertible to the currency of the recipient who wishes to “cash out.” The same systems are used in casinos, Disney theme parks, etc.

Inside the system, payments with internal currency are frictionless, and often carry no fees. Intercoin technology enables communities to release their own local currency, to behave much the same way. Intercoin technology powers both the underlying local currency, as well, as the gateways to and from fiat. The local currency consists of internal coins (liabilities) of the community, automatically redeemable for reserve currency of the community’s choice (e.g. fiat) held on reserve.

In this way, people can “cash in” and “cash out” of a local economy, trading reserve currency for local Community Coins, and back. Community members and businesses will be able to pay one another for goods and services using the local currency. Various apps will be able to integrate the community’s currency the same way they integrate payments with Stripe or PayPal.

Over time, as more people start to use the currency, merchants may start to cash out less often, as money circulates internally within the system. Businesses may begin to pay their employees in this currency. At this point, the community reserves are magnified by a multiplier, and our community can start to exercise control over local monetary and fiscal policy, for example issuing more internal currency (this is similar to how fractional reserve banking got started).



Each community coin circulates inside its own community, going round and round until it is redeemed for intercoin. Intercoins are traded for other currencies by market makers and community blockchains act as gateways which exchange them for local community coins, and store them on reserve for cashouts.

With this architecture we are able to better understand how the money is earned and spent overall in their community.

## Use of Funds

80% of the Fund will be set aside for reserves for redeeming the UBI. The City of Evanston will put together a list of recipients for the UBI (their phone or email) as they qualify for the UBI.

20% of the Fund will be used to retain Intercoin Inc. to develop and distribute the JusticeCoin infrastructure, apps, wallets and accounts to residents of the City of Evanston; and subsequently maintain the network. Accounting, auditing expenses and consulting will be done by **Deloitte**.

## Why Intercoin

Intercoin was designed from its inception to support mainstream adoption. Unlike blockchain-based technologies like Bitcoin and Ethereum, Intercoin's network can scale to support an unlimited number of payments and voting, which is important as the volume and velocity of payments in the community increases.

The Intercoin Currency Kit will be used to launch the local currency, with onboard local merchants immediately being able to accept it. Each community promotes their Community Coin internally to its members, until it is widely accepted in exchange for local goods and services. That network effect of being widely accepted is what makes the Community Coin valuable in the local community.

## Roadmap for Rolling Out for UBI

Intercoin works with communities to release their own local currency and payment network, and helps gradually bring on all the merchants, citizens, and visitors. This would let people pay local merchants, receive a Basic Income, finance community projects, and support the local economy. Meanwhile, the community would get statistical reports on how money is flowing.

There is a series of steps a community can take, to gradually implement a local UBI, one which is both voluntary and sustainable, and supports the local economy.

**Step 1: Issue our own currency.** The protocol powering this currency [must be able to scale](#) to handle unlimited everyday transactions between people, even as money velocity goes up. Ideally, it should have [no bottlenecks](#), like mining a block. Citizens and visitors can obtain this currency by depositing cash with local ATMs, banks and currency exchangers which will load it onto their digital wallets and payment cards via QR codes.

**Step 2: Get merchants to accept it.** Tell local merchants about a new city currency that they will be able to cash out for 90 cents on the dollar through the city's exchanges/gateways. People will be showing up with this currency, ready to buy things. Merchants who are ready to accept this currency will get to put a sign in the window and get more business.

**Step 3: Sell the currency at a discount.** Let locals and visitors obtain the local currency at a 5% discount, to give them an incentive to obtain it. The local currency's value [will be stable and pegged to the federal fiat currency](#), or [to a cryptocurrency like ITR or BTC](#) if your national currency is experiencing hyperinflation. The city takes \$100 and sells 105 local credits, which merchants must accept as payment for \$105 of goods and may cash out for \$94.50.

**Step 4: Circulating the currency.** Since local currency holders would take a 10% hit every time they cash out the local currency, everyone will be motivated to push others to accept this currency. (In economics, this is called [Gresham's law](#).) Merchants will be motivated to hire and keep local employees who accept some or all of their salary in the city's local currency. These employees may get a 5% raise, or simply beat out employees who refuse to accept the local currency.

**Step 5: Voluntary UBI Fund.** The previous steps have built up more organic demand for the currency, and caused it to circulate within the community rather than being cashed out. Now, the city's residents can begin to receive a Basic Income, from having more money being minted into circulation, and distributed to every recipient automatically. A fund is set up by the city, to act as reserves for cashing out merchants and others.

**Step 6: Taxes and Fees** The city can now implement transaction fees, and taxes, which remove local currency from the economy, and thus reduce our liabilities and the amount of reserves they need to keep. By operating the payment infrastructure, we can collect 1-2% on each transaction, and also begin to collect another 5% in sales tax. Here, "collect" actually means "take out of circulation", to [counteract the money printing on the other side](#).



## Sustainability Analysis

For “sound money” that people can trust, most banks keep fractional reserves, and launching our own currency will start out keeping *full reserves* to redeem every local coin issued, exactly in the manner promised, even though this might be overkill in practice.

Already in steps 2 and 3, we had to only keep 90% or 94.5% reserves, respectively. Since there is a lag between a coin being issued, being spent at a merchant, and being cashed out, we have to keep even less reserves.

This 10% “exit tariff” continuously motivates all coin-holders to spend it locally rather than take a loss cashing it out. Thus, the coins increasingly circulate in the local economy, supporting local commerce, but also increasing the lag of an average coin being cashed out, sometimes by 10x or more. As a result, the community can begin to keep fractional reserves, which can become smaller and smaller as less and less coins are cashed out at any given time.

Finally, as taxes and fees are introduced in the local economy, the city can start to issue a Universal Basic Income in our own currency, without causing inflation.

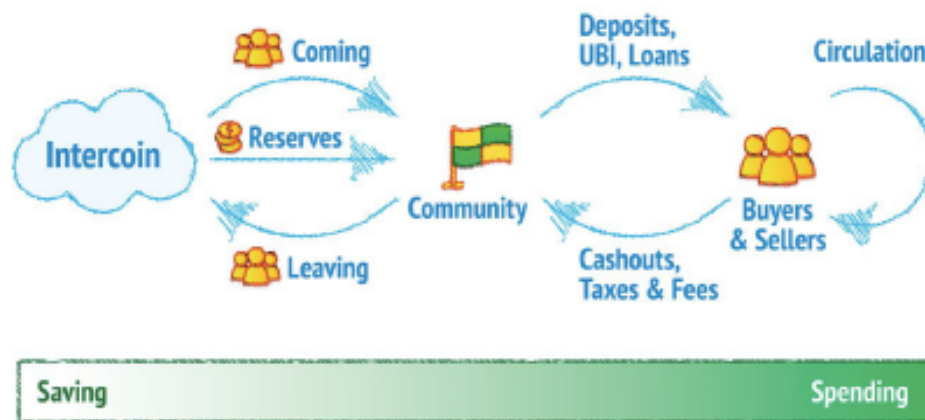
Various taxes can be organically introduced in this system, including sales taxes, [land taxes](#), and [pigovian taxes](#) on things like pollution, fossil fuels, meat or cigarettes. By [redistributing taxed money equally to everyone](#), this can align public incentives with taxing these negative externalities, and avoid them falling disproportionately on the working class, as happened with the [yellow vest protests](#) in France.

As demand for the local currency (and thus local real estate and services) grows, so does our city’s ability to tax various transactions. [The town’s citizens could be given the ability to democratically vote](#) on the level of taxes, and thus the level of UBI, they want to receive.

Thus, the city can have both sound money and true democratic control of its fiscal and monetary policies, all the while becoming more self-sufficient and stronger. JusticeCoin and Basic Income

can be used to end food insecurity, improve health outcomes, reduce dependence on means-tested welfare programs, and so on.

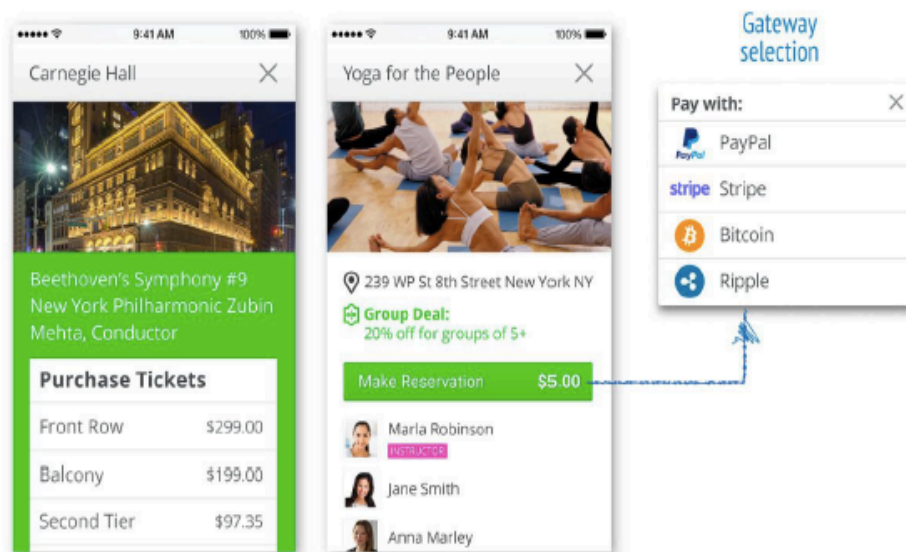
As mentioned above each Community Network keeps Intercoin on reserve, in order to cash anyone out from the local currency into other currencies. When merchants want to import goods, people want to make online purchases, travel or invest abroad, they will exchange their local currency for Intercoin, which can then be exchanged into anything else. Thus, Intercoin represents the “asset side” equal to the value of all the local Community Coin economies. When community members, visitors, foreign investors etc. buy local Community Coins, they deposit Intercoin with the Community Network. This will always create demand specifically for Intercoin, as it must be held on reserve. This is similar, for example, to how the US Dollar is used held on reserve by banks throughout the world, creating demand for it as a reserve currency.



## JusticeCoin's Adoption in the Community

If someone sends you money via PayPal, you need to open a PayPal account to get it. If you want to pay someone (a friend or a merchant) with PayPal, you ask them to install it. The more people have a PayPal account, the more frictionless payments with PayPal become. And thus, more businesses begin to accept it. Same will be in Evanston.

Apps will have JusticeCoin built in as a payment method alongside Stripe, PayPal and other payment SDKs. This allows people to pay in the community's local currency, seamlessly.



Note that prices are displayed in the user's preferred currency (\$).

People make purchases seamlessly in apps for local merchants, venues, instructors and other services.

Everyone is paid out automatically, in the local currency, behind the scenes. Accounting apps and other financial software can easily integrate with each user's financial history.

## JUSTICECOIN FEATURE #1: LOCAL CPI

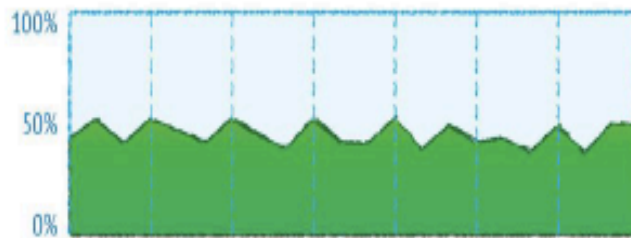
Having a local digital currency would allow the community to have much more insight into the prices of things. Stores or manufacturers could tag certain products with certain categories (e.g. “food” or “cleaning supplies”). During checkout, information about how much was spent on each category could be anonymously added to the community’s aggregated ledger of transactions. From there, a deeper analysis can be done by various apps and products, who may hire data researchers to identify trends and make suggestions.

This kind of insight into the community’s buying aggregate behavior can help communities make smarter decisions. **The community owns the data**, but could give others access to it on a limited basis. It could provide daily reports for its own residents, who can see the distribution of money being spent in the community. It could also be used to respond to price signals.

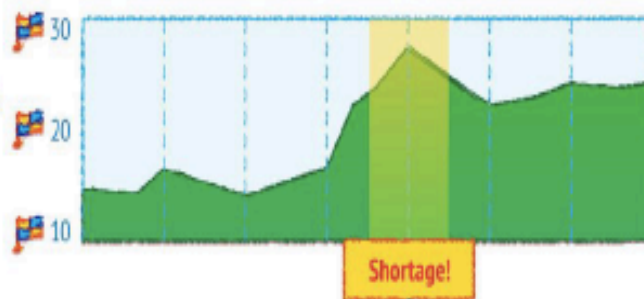
Increases in price could be analyzed with neural networks to see whether they indicate a cartel, or a genuine phenomenon such as a shortage. All this becomes possible when each community issues its own currency.

# Daily Basic Income for "Food"

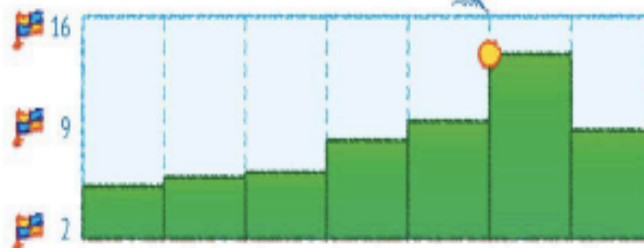
**Provably Random Poll:**  
What % of median spend?



**Consumer price Index Report:**  
What % of median spend?



**New coins issued to all members for "food"**



Basic Income is just one possible application on the community blockchains.

Merchants tag some of their transactions with tags such as "food".

Every day, the local blockchain calculates the median amount  $X$  spent on each category and presents a report.

Members are randomly polled as to what level of Basic Income should be issued as a fraction of  $X$ .

Result: everyone can afford basic necessities the day after a shortage.

In this way, communities can also choose what transactions to tax, to offset the Basic Income, or let their currency undergo mild inflation.

## JUSTICECOIN FEATURE #2: BASIC INCOME

Basic Income is a “holy grail” of social safety nets, eliminating much of the bureaucracy and perverse incentives associated with means-tested welfare (which is dominant today). The idea is that there are [necessity goods](#) which everyone requires to buy basic amounts of even if times are tough, such as food, water, shelter, etc. Thus, members of the community should receive a certain amount of **money every day**, to save or spend on necessities.

Safety nets allowed people like [JK Rowling](#) and [Jan Koum](#) to create billion-dollar enterprises with Harry Potter and WhatsApp, respectively. Without them, they might still be working at a dead-end job, waiting for their paycheck.

Local communities powered by Intercoin allow us to efficiently [implement basic income](#). Under the hood, the community currency can be used to implement [local fiscal policy](#) as a community, including how much to issue for Basic Income.

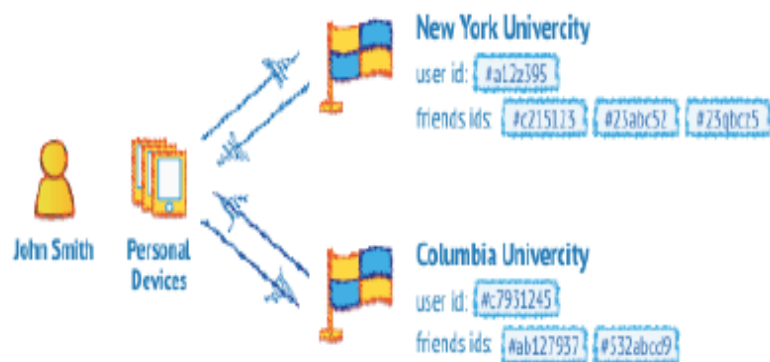
Basic Income and Governance in our city makes sure that each participant has only one account. This allows true democratic control over the network. Using the [Governance](#) feature, the community could determine the product categories and fraction of the Local CPI to issue to everyone as Basic Income. Then, every day, people would receive that money based on the previous day’s costs. This would, for example, allow everyone to buy food after a shortage, and then the community could figure out what to do with the excess money later, including removing it from circulation via taxes and fees. People have asked for [crypto-currencies supporting Basic Income](#). We have a chance to actually do it right!

## JUSTICECOIN FEATURE #2: IDENTITY AND SECURITY

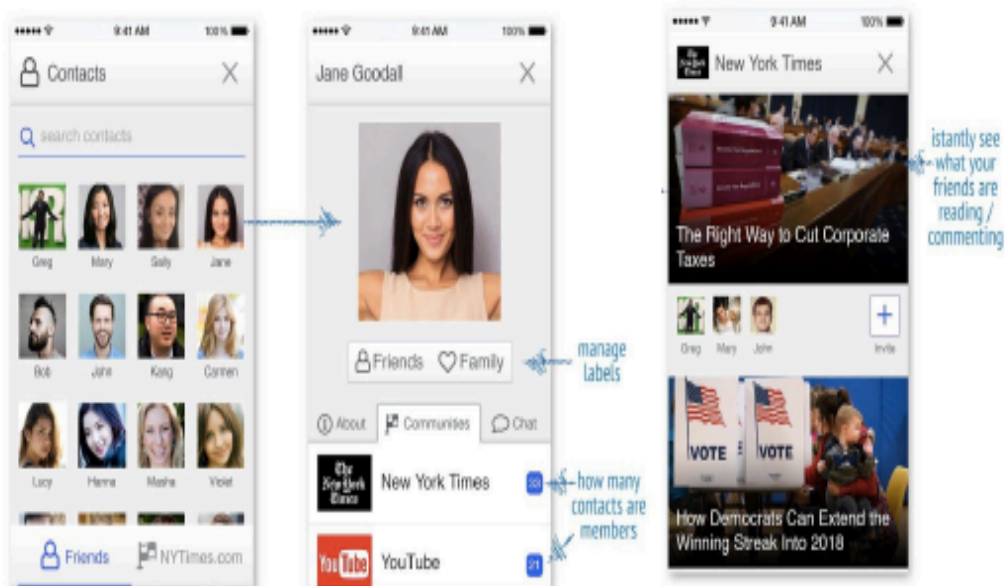
The company behind Intercoin has developed an [open protocol for identity](#) that's compatible with everything else out there. It lets people use native apps running on their personal devices to securely authenticate with any website. Unlike password managers, it eliminates the need for passwords completely. Passwords are "something you know," and if someone else knows it, too, they can get into your account. It is far better to store private cryptographic keys on personal devices, which you secure with a passcode or biometrics. These devices now have [secure storage areas](#) that even hackers [can't access](#). Other devices can be authorized with QR codes or Bluetooth, while each private key never leaves its device. Intercoin builds on recent innovation in this space by venture-backed companies such as [Keybase](#).

The Identity Protocol goes much further than just authentication, allowing each user to manage their [identity across communities](#) without being [tracked](#) by third parties. Your personal information and address book is kept private on your phone, rather than being [given out](#) to every website to "find your friends." When a friend joins a community and wants you to know, you get a notification. You can see your friends discovering new websites, restaurants, and other merchants, and get an [instantly personalized experience](#) when you arrive, without the site knowing anything about you. All this "magic" has already been implemented as part of the open source [Intercoin Platform](#), ready to use by communities, websites and app developers.

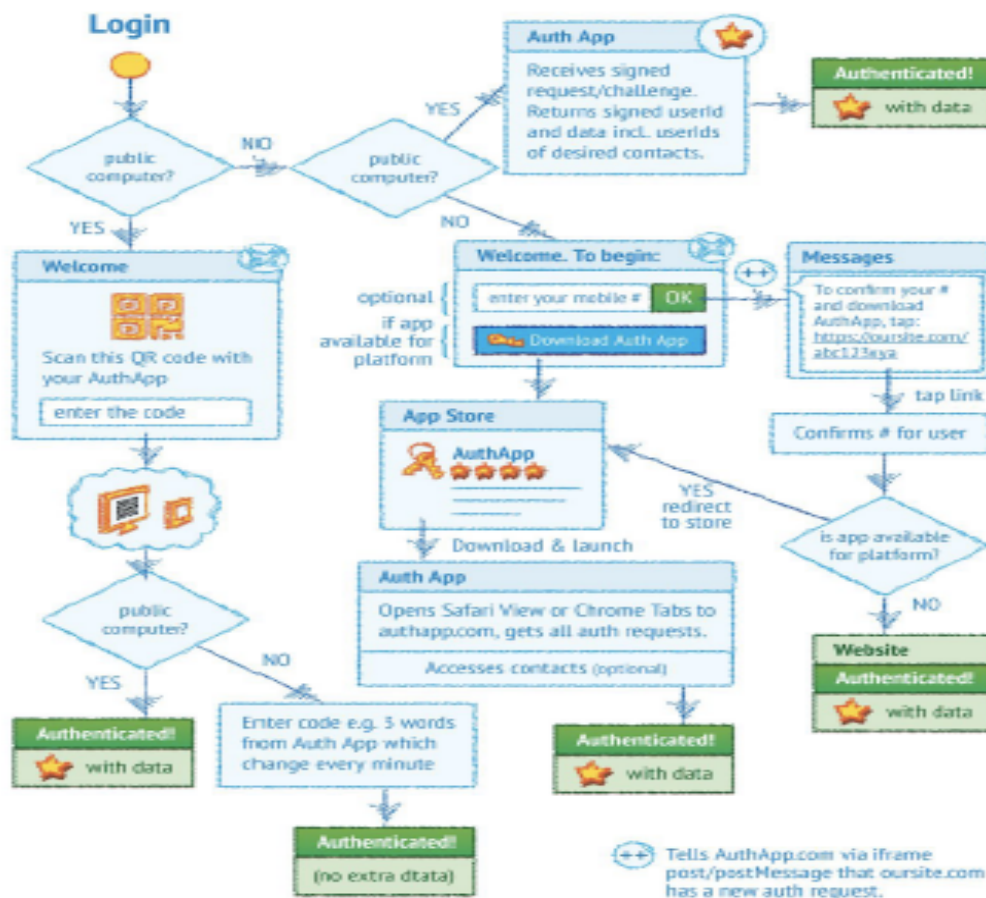
The user identity system is decentralized and architected like the internet. Instead of having one identity across a giant, monolithic community, people have a different User ID in each city and with each merchant, and it's up to them whether they want to let others know about it. Their private keys never leave their devices. Their contacts stay private on their phone. From their own devices, they control their identity across various communities, and choose which friends can find them in those communities.



John keeps his contacts & data private. He has a different user id in each community, and only shares his ids and data with Certain chosen people.







## JUSTICECOIN FEATURE #3: GOVERNANCE

As people form organizations, they need a mechanism to arrive at a consensus before the organization takes action. Many mechanisms have been used, including various types of direct democracy, representative democracy, and so on. When it comes to community policies regarding its internal money supply, local ordinances, or projects to fund as a community, the mechanism starts to play a vital role in how the community evolves.

Having a local blockchain with Intercoin, enables all kinds of great governance mechanisms to be implemented. You can pay from your phone (just like you do with your app). But members will also be able to vote from their phone, securely and privately, without anyone knowing how they voted, yet you being able to actually verify that your vote was counted.

Citizens will be able to see at a glance how the currency is doing, [see what the cost of necessity goods](#) has been in the last few months, and have their voice heard. We'll see a breakdown of how the community feels about an issue, and be able to make decisions as a community that are implemented the very next day (at least when it comes to fiscal policies around the local currency).

Many more innovations can be developed over time. For example, there are plans to roll out Provably Random Anonymous Polling, which has better statistical properties than voting, with no issues around voter turnout or gerrymandering. Third party developers will be able to build on our API with further innovations.

## JUSTICECOIN FEATURE #4: FUNDRAISING

One of the most exciting areas where Intercoin can increase innovation is fundraising for community projects and new business ventures. With Intercoin, these processes can be [democratized](#), allowing anyone to fund a project, even if they are not part of the city. By having an NGO, like the **The Institute for the Development and Preservation of Culture and Self-Sufficiency (idpcs.org)**, we will be able to raise money from outside the community and pledge money for projects that users can vote for based on their understanding at the local level. Even donors could also have an input on what they see as beneficial – a true community-based choice.

People in the community could indicate their desire for certain apps or projects, and pledge money (or future subscriptions) to those who develop those apps or implement those projects. Developers and teams can take on the challenge, knowing that the money has already been pledged. Each project can go through different stages – design, architecture, etc. – in which the teams compete and are judged by the people who pledged the subscriptions, or their elected delegates / experts.

Teams that are selected receive funding to complete the subsequent stage. Once the final results are out, those who pledged automatically get a (discounted) subscription to the result. And the fruits of the entire process can be public, including the projects which were not selected.

We will make sure to integrate project proposals in the app used by the community to start gathering proposals. This could steer innovation and boost the local economy in unimaginable ways.

## JUSTICECOIN FEATURE #5:

### JUSTICECOIN WILL NOT BE A SECURITY

#### (Legal Consideration I)

**\*\*Not to be taken as legal advice at this stage\*\***

Local currencies powered by Intercoin, such as the JusticeCoin, will likely not be considered a security under US law. If the currencies are steadily inflating, there should not be a reasonable expectation of profits over time for the JusticeCoin. Rather than being a store of value, the currencies are a medium of exchange. If local transactions within communities are always done as payment for goods and services, the communities do not necessarily have to register as money transmitters. In addition, since payments taking place within communities do not involve remote geographic locations, the communities are not likely to be considered IVTS under US law.

Even if the JusticeCoin was considered a security, non-profits and municipal organizations have safe harbor exemptions under the 1933 [Securities Exchange Act](#). However, in 2019 the SEC has issued clear no-action letters for currencies that fit the following criteria. Commissioner Hester Pierce went on to say that sales of these currencies are *“so clearly not an offer of securities that I worry the staff’s issuance of a digital token no-action letter... may in fact have the effect of broadening the perceived reach of our securities laws. If these tokens were securities, it would be hard to distinguish them from any medium of stored value.”*

## SAFE HARBOR FOR LOCAL CURRENCIES

These *no-action letters* have created a safe harbor for issuers of local currencies tokens, that can fit within the requirements spelled out in the letters. They are as follows:

- *The Issuer will not use any funds from Quarters sales to build the Quarters Platform, which has been fully developed and will be fully functional and operational immediately upon its launch and before any of the Quarters are sold;*
- *The Quarters will be immediately usable for their intended purpose (gaming) at the time they are sold;*
- *The Issuer will implement technological and contractual provisions governing the Quarters and the Quarters Platform that restrict the transfer of Quarters to The Issuer or to wallets on the Quarters Platform;*
- *Gamers will only be able to transfer Quarters from their Quarters Hot Wallets for gameplay to addresses of Developers with Approved Accounts or to The Issuer in connection with participation in e-sports tournaments;*
- *Only Developers and Influencers with Approved Accounts will be capable of exchanging Quarters for ETH at pre-determined exchange rates by transferring their Quarters to the Quarters Smart Contract;*
- *To create an Approved Account, Developers and Influencers will be subject to KYC / AML checks at account initiation as well as on an ongoing basis;*
- *Quarters will be made continuously available to gamers in unlimited quantities at a fixed price;*
- *There will be a correlation between the purchase price of Quarters and the market price of accessing and interacting with Participating Games; and*
- *The Issuer will market and sell Quarters to gamers solely for consumptive use as a means of accessing and interacting with Participating Games.*

### Deterministic Prices

- **Intercoin's ecosystem encourages sound money. No need for market prices.**

$$\text{ExchangeRate} = \frac{\text{ReserveCurrency}}{\text{CirculatingLocalCurrency}}$$

## JUSTICECOIN FEATURE #6:

### Constitutionality of Local Disbursements

#### (Legal Consideration II)

**\*\*Not to be taken as legal advice at this stage\*\***

Any attack on race-based reparations will be subject to strict scrutiny, presumably violating the Equal Protection clause guarantee (can only be upheld if the government can prove that **the classification** is necessary [**or narrowly tailored**] to accomplish a **compelling government objective**).

First, the question is who are the beneficiaries? The obvious question then becomes of whether the qualification is race-based? For example, in *Geduldig v. Aiello*, the Court ruled that the differentiation between pregnant people and non-pregnant people is not based on sex. Therefore, arguably descendants of slaves (if they were able to prove this) will not be a race-based classification, but of course “all black residents” will be a race-based classification.

Therefore, if the intent of the disbursements of the Marijuana tax revenue is to go to all black citizens of Evanston then it might not survive strict scrutiny. But if the intent of Marijuana tax revenue is to go to all residents who (personally or their family members) were negatively impacted by redlining and non-violent marijuana possession in the past 60 years because of old Evanston policies, then this is more easily ascertainable on who qualifies and is race-neutral. If the City would go down this route, then any resident of Evanston who was also somehow affected by a non-violent marijuana possession would still qualify under the program for a local pay out and the program would be deemed race-neutral.

For example, there have been attacks on the constitutionality of Section 8(a) Minority Business Development Program and how it defined “socially disadvantaged individuals” (referencing specific U.S. citizen groups such as Black Americans, Hispanic Americans, Native Americans, Asian

Pacific Americans, Native Hawaiian Organizations and other minorities) and the court actually applied the rational basis review (and not strict scrutiny) because the program (by design) lacked a racial classification. *Rothe Development, Inc. v. United States DOD*, 425 U.S. App. D.C. 437, 441, 836 F.3d 57, 61 (2016).

Second, the question is what is a compelling government interest? As the court ruled in *Regents of the University of California v. Bakke* (1978) and later to be reaffirmed by *Grutter v. Bollinger* (2003), diversity in higher education is a compelling government interest.

Similarly, paying a Basic Income to Evanston residents through Intercoin would be a compelling government interest because it would also sustain diversity. It would also mitigate the need for people to move out of the communities (slowing down the community's economy further), or move away (suburban sprawl) and commute for long hours.

Let's keep in mind a plaintiff's constitutional standing in court to challenge any of this. As we know "taxpayer" standing may not suffice. But it's always possible for a marijuana-purchaser, hence taxpayer, to claim successfully that his taxpayer status enables him to challenge governmental expenditures that are openly race-based as a violation of Equal Protection (for example, *Valley Forge* did not overrule *Flast*). But if a taxpayer status is insufficient to confer standing, however, it is difficult to conceive of a likely plaintiff with standing (i.e. see *Jacobs v. Barr*, in which a German-American plaintiff challenged the constitutional validity of reparation payments to victims of the World War II Japanese internment – court denied his claim on the merits).

# **JUSTICECOIN FEATURE #7:**

## **ILLINOIS LAW AND MOVING TOWARDS BLOCKCHAIN DEVELOPMENT**

### **(Legal Consideration III)**

**\*\*Not to be taken as legal advice at this stage\*\***

Though no laws are currently in place in Illinois, the state's Department of Financial and Professional Regulation issued guidance regarding application of the state's Transmitters of Money Act to those dealing in virtual currencies. Under the Department's guidance, virtual currencies are not "money" under the Transmitters of Money Act and therefore "[a] person or entity engaged in the transmission of solely digital currencies, as defined, would not be required to obtain a TOMA license." See Illinois Department of Financial and Professional Regulation, Digital Currency Regulatory Guidance, (July 13, 2017).<sup>1</sup>

This guidance suggests a willingness by the state to embrace the use of virtual currencies and blockchain technologies, as made further evident by the Illinois legislature having empaneled a Blockchain Task Force in February 2017 to study how the state could benefit from a transition to a blockchain based system of record keeping any service delivery. Illinois launched the Illinois Blockchain Initiative to determine the applicability of blockchain technology. Utilities and regulators appear willing to work with blockchain companies.

In February 2018, the Illinois House introduced the Blockchain Technology Act. H.B. 5553, 100th Gen. Ass. 2nd Reg. Sess. (Ill. 2018). The Act prohibits local governments from imposing taxes on the use of blockchain, from requiring any person or entity to obtain a permit to use blockchain technology, or from imposing any other requirement relating to the use of blockchain. H.B. 5553,

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<sup>1</sup> <http://www.idfpr.com/Forms/DFI/CCD/IDFPR%20-%20Digital%20Currency%20Regulatory%20Guidance.pdf>



100th Gen. Ass. 2nd Reg. Sess. (Ill. 2018). On January 8, 2019, the House adjourned "session sine die" with respect to this bill.<sup>2</sup>

The Illinois House also introduced H.B. 2540 to create the Blockchain Business Development Act. Notable goals include provisions for:

- the creation and regulation of personal information protection companies.
- the creation and regulation of blockchain-based limited liability companies as businesses that utilize blockchain technology for a material portion of their business activities.
- a public record blockchain study and report.
- a blockchain insurance and banking study and report. Requires the Department of Commerce and Economic Opportunity to incorporate into one or more of its economic development marketing and business support programs, events, and activities topics concerning blockchain technology and financial technology.

2019 IL H.B. 2540 (NS) February 13, 2019. H.B. 2540 passed both houses of the state legislature on June 28, 2019 is pending the signature of the governor.

Illinois has also proposed the Blockchain Technology Act, which:

- Provides for the permitted uses of blockchain technology in transactions and proceedings,
- Provides limitations to the use of blockchain technology, and,
- Prohibits units of local government from implementing specified restrictions on the use of blockchain technology.

2019 IL H.B. 3575 (NS) February 15, 2019. H.B. 3575 passed both houses of the state legislature on June 27, 2019 is pending the signature of the governor.

Similar to bills in other states, Illinois adopted an amendment that incorporates "virtual currency" into its version of the Revised Uniform Unclaimed Property Act. 2019 IL S.B. 1464 (NS)

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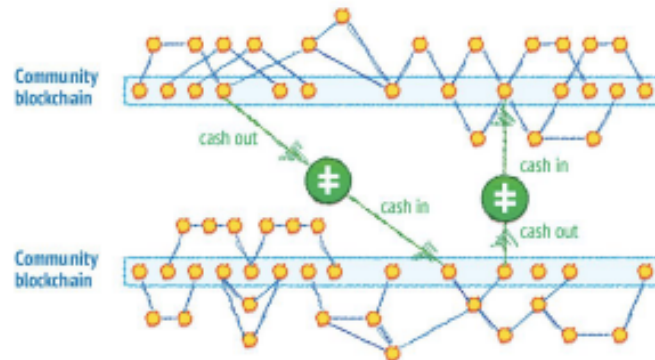
<sup>2</sup><http://www.ilga.gov/legislation/BillStatus.asp?DocNum=5553&GAID=14&DocTypeID=HB&SessionID=91&GA=100>.

## JUSTICECOIN FEATURE #8: INTEROPERABILITY WITH OTHER TECHNOLOGY

### How a global blockchain works:



### How intercoin works:



Local community transactions do not need to be included in an ever-growing global ledger.  
Local currencies circulate locally.  
People cash out to Intercoin to move money between communities.

There are many good open-source Distributed Ledger Technologies that can be used for both the Intercoin network and the Community Coin network. The Intercoin platform is an open source and can be compatible with many different back-ends. In this context, it can be thought of as **“WordPress for Currencies,”** while the choice of underlying DLT is like a choice of open-source backend database engines, such as MySQL, Postgres, MongoDB, SQLite, etc. Just like the Macintosh brought computing into the home, so Intercoin is bringing the tools of central banks to cities and communities.

## **[Proposed] Timeline**

<b>SEPTEMBER 2020</b>	<b>START HOLDING BI-MONTHLY ZOOM</b>
<b>JANUARY 2021</b>	<b>NEW RESOLUTION</b>
<b>JUNE 2021</b>	<b>JUSTICECOIN PILOT LAUNCH</b>
<b>JULY 2021</b>	<b>LAUNCH OF LOCAL CPI</b>
<b>AUGUST 2021</b>	<b>LAUNCH OF GOVERNANCE</b>
<b>NOVEMBER 2021</b>	<b>LAUNCH OF BASIC INCOME</b>
<b>DECEMBER 2021</b>	<b>LAUNCH OF FUNDRAISING</b>