

The Shoestring Scenario



Can the ABC and VTLM be started on a shoestring if no investor is found? Significant strides have already been made with the completion of version 1.0 of the Elsie Toolkit.

However, legal expertise is needed to develop leases, charters, articles of incorporation, county agreements, and prospectuses. Document requirements are well known. With some legal research, a first draft of these documents could be presented to a paralegal for rewrite at a significantly reduced cost and finally to an attorney for final corrections.

If the software and legal documents are in order, the next problem is obtaining funds for networking, cloud, and banking fees. These expenses can be handled if they are under \$500/month. Otherwise, options must be explored.

With the system up and running and available with an internet connection, the next step is to convince a county, preferably in the United States, to sign the agreement to apply only to a small portion of their community as an experiment. We might want to find a few of these counties, as we only buy “for sale” properties. A lack of available properties could extend ram and jam, making our bidders impatient.

The Elsie market is established when software and legal documentation are completed. However, bidding requires the transfer of U.S. dollars into an account at our partner bank. Finding a partner bank means passing various levels of certification, filing with FinCEN, and possibly putting up a bond. Thus, even with a county on board, additional tasks will take several months and could require fundraising.

Once the banking issue is behind us, bidders can place bids in the Elsie market. Of course, no Elsies exist, but that does not prevent bidders from placing their bids at 99.05% of the peg in the market (Bidding \$99.05 for 100 Elsies).

While bidders can place higher bids, there is no need except for the status of being first. All bids at \$99.05 will be executed, provided properties are available for sale. Bids down to 99.01% of peg might or might not be executed.

The first marketing campaign is to attract \$8 million in bids. Bidders can place bids after transferring money into their Elsie Toolkit trading account. Bids are taken from the trading account and held in escrow. Canceling the bid moves the money back to their trading account. Because bids can be withdrawn at any time, we seek many diverse bids before moving on to the next step. A single \$8 million bid is insufficient unless we can thoroughly vet the bidder.

Once the bids are in place, the next step is a private or crowd-funded offering of 500,000/24,000,000 shares of the ABC for \$500,000. Of this, \$250,000 will be used to purchase a property and begin ram and jam. The other \$250,000 will fund the ram and jam process for up to 100 properties. The initial bids will pay for 32 properties, but additional bidders may join the crowd as ram and jam continues.

Keep in mind that the ram and jam process begins in slow motion. We sign a contract for a property, mint the Elsies, sell them to the next bidder, and then sign the next contract, which could involve some hunting and dickering. Taking one contract through the closing and auction before signing the next is prudent. Any problems encountered along the way can be handled with the least liability. Here is the beginning of the ram and jam process. The name "ram and jam" is hardly appropriate in the early days.

1. Sign a contract for \$250,000 property
2. Mint and sell 250,000 Elsies to the first bidder in line
3. Wait until closing
4. Close on the property into the ABC Commons Trust.
5. Schedule the auction for 1 to 3 days later. One day is typical, but a few days' notice gives us time to iron out glitches.
6. U.S. dollar auction bidders use the Elsie Toolkit to transfer money from their bank to their toolkit account. A sealed bid moves the funds into escrow. They might try to bid with Elsies, but no Elsies will likely be available at a price low enough to make it worthwhile. There is no difference between a bid of \$100,000 and a bid of \$70,000 + £30,000. This is true regardless of the Elsie's market price. Bids can be canceled or modified up until 5 minutes before the auction.
7. The winning bid is announced. It is expected to be around \$125,000. The auction winner receives title to the structure and exclusive rights to the land.

8. Depending on the bid's composition, 5% of the winning bid is moved to the property's Elsie and U.S. Dollar advanced rent funds. The rest is distributed with an [immediate-delayed](#) disposition.
9. 1/12 of the Elsie and U.S. dollar advance rent funds are paid as rent. The rent is distributed at the same percentages as the auction revenue. However, the ABC Market Maker will redeem Elsies for the ABC, purchasing agent, VTLM, and county. These recipients will always receive U.S. dollars regardless of the composition of the advance rent funds. Likewise, the EDSF and dividend payable will always receive Elsies. Rent at 1/12 of the advance rent funds will be taken out precisely 30 days later and every 30 days after that (or adapted to a same-day-of-the-month schedule).
10. The dividend is usually paid to the holders of Elsies. Because the dividend payable bids 100% of the peg, it is likely that any holder of Elsies will make the offer. Otherwise, the dividend will be distributed in U.S. dollars. The dividend is substantial. It is 7% of 95% of an expected \$125,000. It is £ 8,312.50. These Elsies can be sold to the waiting bidders for \$8,233.53 at 99.05%. This is the first of many dividends on £250,000. If the dividend were this high daily (it will not be), it would be an annualized return of over 1,000%. It is good to be the first bidder. At the next auction, the first and second bidders will receive half of this; at the third auction, the top three bidders will receive a third, and so on. It is good to be in the first group of bidders.
11. On the same day, another dividend from the advance rent fund is a much smaller £36.44. The £36.44 will continue, on average, inflation-adjusted forever. This is true for all bidders, regardless of when the bid is made.
12. If all goes well, it is time to sign the next contract, mint the Elsies, and sell them to our next bidder. We might sign three or four contracts this time before the first one closes.
13. In 32 contracts from our original set of bidders, the ABC land fund has gained $\$125,000 \times 32 \times 95\% \times 26.25\% = 997,500$ Elsies or dollars. This is enough to support ram and jam on 400 properties. The day will come when demand cools, and most of the land fund is destroyed as ram and jam runs out of bids.
14. The ABC will receive $\$125,000 \times 32 \times 95\% \times 5\% \times 99.05\% = \$188,195$. Half will be used to purchase Elsies for a market maker inventory (and any necessities or bills that need to be paid). The other half will be used to hire a

purchasing agent, ram and jam manager, and negotiator. The total will be supplemented by \$1,152/month in rent.

15. The VTLM will receive \$263,473 from the first 32 properties. This will hire an accounting service, a lawyer on call, a business manager, and two full-time software engineers to design and write the next iteration and fix problems in version 1 of the Elsie Toolkit. It will be supplemented by \$1,152/month in rent.

16. Although a conflict of interest, I will be CEO of both the VTLM and ABC until the ABC can be sold to an investor. I will remain CEO of the VTLM until I am no longer able to.

17. The entire process of lining up bidders and getting funding can be repeated up to 40 times. This is the worst case. It is possible that one funding will last forever. However, after 40 such repetitions, VTLM and ABC operations will be covered by rents alone, and natural demand will be sufficient to complete Phase I in a reasonable amount of time.