Juror #2 Notice

Many of the argument brings up interesting problem on Kleros cases. Are projects innocent until proven guilty or does the challenger only need to make reasonable doubt?

The Challenger provides many evidences to call into question the 10% being distributed. The Submitter provides many explanations that seem also good. However I see no definitive proof, so I think it can be one or the other. As juror, if a point is not provably true or false should we reject it or accept it?

I have thought about this a lot and I realized that this is not a law, it is a badge. For laws, you are assumed to be passing until it is proved that you broke it and are punished. For badge, you are assumed to not be passing until you proved that you do, and are rewarded. The policy is the terms that tokens have to reach to be certified. If they cannot prove to pass it, by default they should be rejected.

I hope to see how other juror interpret this. As I think now, it is more likely that Spendcoin is distributed the token than not, however I must reject the badge because there is no proof. Even though I believe Spend is truthful, the reasonable doubt to me is it is not actually distributed to accounts that Spend does not control yet so we cannot verify. They can lie to juror now and have no problem later when they retrieve the funds. So I ask Spendcoin if they can provide any additional guarantees for the juror. I recognize this may not be simple but there has to be some sort of accountability if everything is happening offchain. If you have any more evidence of the Spendcoin being in different accounts or evidence on how you don't actually control those accounts that would be most useful to easing my concern. Without it I am not sure that I can vote to give it the badge for there not being proof that it doesn't violate 5.2.

To try to make sense of some discussion I wish to say that the Challenger and Submitter understand staking and utility differently. This makes the back and forth arguing on the same points not useful to juror as they are not actually addressing what the other person is trying to say. The Submitter means a deposit when they say the token is being staked, not staking how it is normally used for a token.

This brings up another area of question for me. Spendcoin does not have utility *on the blockchain* but it does seem to have utility off of it. So the question is, can we count a token to have utility even if that utility has nothing to do with any use or properties of being onchain? My current thought is this is ok for 3.2 because it does have another reason to exist besides fundraising. However it is not ok to be used for 3.1.1. This product cannot be used to satisfy

3.1.1 because it is not utilizing the blockchain at all or making use of the cryptographic properties of a token so it cannot be used to show novel technology in development.

I also have more confusion in the KYC, due diligence and governance. In the last evidence the Submitter stated that Validators do not have to do KYC, but they are entrusted to enforce KYC. The point of KYC is so that persons in the network can be known and liable to a government or each other. If Validators are not known and trusted this breaks the chain of trust that KYC is supposed to give. There is nothing stopping the Validators from approving non-KYC nodes and nobody would be answerable for this. How does government obtain this information from an unknown group of decentralized nodes and how do they safely keep the KYC data? The Submitter state: “This is a requirement for local regulations and that the network itself is responsible for”. How can a decentralized network be legally responsible for anything? I do not understand how this can happen without Validators being KYC as well and then responsible for any bad nodes not disclosed. The idea for the KYC as an intrinsic part of the blockchain doesn’t make sense for me. How can you remain a decentralized platform but still have baked in KYC with guarantees on enforcement? Even the due diligence part of the Validators job means they have more power than they can veto other nodes trying to join the network, so this still make governance not as useful. It is all very vague I am having a hard time imagining how it can be possible without having a trusted supernode that enforces KYC and polices the network. Can you explain about this more? It is useful if you give us an example about how nodes are onboarded and then what happens in the case KYC need to be used for compliance?