



FairCarats (FCAR) Official Whitepaper

Bridging Lab-Grown Gemstones and Decentralized Finance

INTRODUCTION

At LabGemTraders, gemstones meet blockchain innovation. We specialize in sourcing and certifying premium lab-grown gemstones — ethically created, precisely evaluated, and verified in our private laboratory.

When demand outpaced our capital resources, we turned to the blockchain for a smarter, fairer solution. The result is the FairCarats (FCAR) Token — a digital representation of our real gemstone ecosystem. Each token helps expand our reserve while offering holders a transparent, traceable connection to gemstones.

Our mission is simple: to make the gemstone market open, ethical, and verifiable for everyone. Learn more about the FairCarats concept and discover how technology and beauty can shine together.

Version 1.0 — Initial public release

No prior versions

1. Executive Summary

FairCarats (FCAR) is a **utility token** on the Polygon network. It provides holders with access to its' certified lab-grown gemstone ecosystem and the **ability to redeem tokens for goods and services**.

FCAR is **not a security, ART, or direct claim on physical gemstones**. Its' value is derived from its utility within the ecosystem allowing holders to redeem it for gemstones and related services.

The token framework includes a **target \$10 structural floor**—a design parameter for stability—supported by internal operational mechanisms and liquidity management. FCAR is tradable on decentralized exchanges, providing participants with a digital instrument for utility and redemption within the labGemTraders ecosystem.

1.1 Legal Disclaimer and Token Classification

Section	VASP/MiCA - Legal Compliance Considerations
Legal Status and Disclaimer	FCAR is a utility token. Based on its function as a digital voucher redeemable for goods and services, it is structured to fall outside the scope of the Markets in Crypto-Assets (MiCA) Regulation.. FCAR does not constitute a security, financial instrument, debt, equity, or investment contract. Purchase of FCAR is for the sole purpose of consuming services and digital content within the FairCarats Ecosystem. FCAR holders are not entitled to dividends, profit-sharing, or a claim on the assets/inventory of LabGemTraders OÜ. Purchase of FCAR is intended for utility consumption only.
Token Definition	FairCarats (FCAR) is a non-monetary Utility Token within the FairCarats ecosystem, issued by LabGemTraders OÜ (Estonia). FCAR represents a transferable digital credit redeemable for gemstones or gemstone-related services provided by FairCloud Group OÜ and its subsidiaries. The custodian, FairCloud Group OÜ, ensures that adequate gemstone assets or equivalent service capacity are maintained on a best-effort basis to honor all token redemptions at their internal value.
Token Sales	The public and private sale/offering of FCAR tokens within the EU over a 12-month period will be strictly capped below €1,000,000 (currently targeted at about €300,000 as stipulated in this whitepaper) for compliance with MiCA's size exemption.

2. Tokenomics and Participation Rights

2.1 FCAR: Utility Unit

Each FCAR token represents **digital credit (voucher) for use within the FairCarats operational ecosystem**. It:

- Represents a claim of webshop inventory.
- Grants access to ecosystem benefits (e.g., exclusive trading rights, seed holder benefits).
- **Does not confer legal ownership of physical gemstones.**

2.2 The \$10 Structural Floor (Internal Stabilization Mechanism)

- **Purpose:** Serves as a target for internal stability and participant confidence.
- **Mechanism:** Operational liquidity and capital reserves are managed to maintain the target level relative to internal valuations of inventory and operational activities.
- **Note:** This is **not a guaranteed redemption value** and does not create a legally enforceable claim on assets.

2.3 FairStones Value Chain and Operational Funding

LabGemTraders applies a proprietary process to enhance gemstone value:

1. **Private Lab Certification:** Each gemstone is inspected and certified in LabGemTraders' laboratory.
2. **Postprocessing & Optimization:** Expert postprocessing maximizes gemstone brilliance and market value.
3. **Digital Verification:** Stones receive unique certificates accessible via verifiable online records (e.g., <https://fairstones.eu/check-your-certificate/?cert=1002303999>).
4. **FairStones Branding:** Trademarked FairStones assets (TM Registration: EM500000018935029) justify premium pricing.

Operational profits derived from FairStones retail sales fund ecosystem growth, including exclusive **seed participant** benefits, without implying security-like returns.

3. Utility Token Distribution and Allocation

The pricing and allocation strategies for FCAR are designed to maintain a balance between market liquidity and the redeemability of tokens for physical gemstones. All calculations in this section are based on a current **FCAR market price of \$15.40** as of January 2026.

3.1 Pricing Tiers and Internal Value

The token sale offers participants the opportunity to acquire FCAR at a fixed discount relative to the prevailing market price. Regardless of market fluctuations, the token maintains a stable internal utility value for ecosystem redemptions.

Tier	Price (Fixed)	Discount vs. Market	Internal Redeem Value
Private Sale	\$12.32	20%	\$10.00
Public Sale	\$13.86	10%	\$10.00

3.2 Token Sale Volume and Fundraising Goals

The sale is structured across three performance tiers—Minimum, Target, and Maximum—to ensure operational flexibility and adequate inventory scaling.

Metric	Minimum (Soft Cap)	Target	Maximum (Hard Cap)
Sales Volume (FCAR)	10,000 FCAR	25,000 FCAR	50,000 FCAR
Total Funds Raised (\$)	\$123,200	\$308,000	\$616,000
Used for Additional Inventory	\$0	\$5,000	\$130,000

3.3 Inventory and Ecosystem Balance

The ecosystem is anchored by a physical gemstone inventory, currently valued at **\$120,000** at dealer prices. The total ecosystem balance (Inventory + Raised Funds) is projected to scale as follows:

- **Minimum Balance:** \$243,200
- **Target Balance:** \$428,000
- **Maximum Balance:** \$736,000

3.4 Strategic Fund Utilization

A primary objective is to maintain **50% token redeemability**, ensuring that half of all vouchers are directly redeemable for gemstones at dealer prices minus 20%. The remaining capital raised from the sale is allocated to ensure long-term platform stability:

Allocation Category	Percentage	Purpose
Additional Liquidity	60%	Supporting market depth and exchange stability.
Brand & Promotion	20%	Expansion of FairStones marketing and retail reach.
Development	15%	Technical infrastructure and smart contract auditing.
Reserve	5%	Strategic capital and ecosystem contingency.

4. Initial Participant Structure and Differentiation

Pool	FCAR Volume	Lock-up Schedule
Original Seed Participants	2,001 FCAR	5 years Total UNCX Lock-up - Unlock Apr 1, 2029
Core Team & Founders	6,000 FCAR	Soft-Locked by AMM for 3 years Annual Linear Vesting Total - Total Unlock Apr 1, 2029 - Will be moved to UNCX Q1 2026.
Private Sale	50,000 FCAR - to be minted	12 - Month Linear Vesting - (3-Month Cliff)
Public Sale	Remainder of Private Sale + 20,000 FCAR to be minted additionally if sold out	6 - Month Linear Vesting - (1-Month Cliff)
DEX Liquidity Pool	approx 42,000 FCAR	N/A

Totalling 50,000 FCAR as originally minted.

4.1 Participants Benefits

Exclusive Benefits for Private Sale Participants

As a reward for early commitment to the ecosystem's development, Private Sale participants will receive the following **utility-based benefits** which **do not represent a financial return or dividend**:

1. **Priority Access Tier:** Guaranteed allocation for future token and NFT launches within the FairCloud ecosystem.
2. **Exclusive Service Discount:** A **lifetime tiered discount**, currently set at 20%, on gemstone purchase services and verification fees paid in FCAR, exceeding discounts available to public holders.

Exclusive Benefits for Original Seed Participants

All benefits applicable to Private Sales Participants, and:

3. **Enhanced Governance Rights:** Increased voting weight in the token's governance mechanisms, proportional to their stake, focused on technical and utility decisions.

Note: All benefits are operational and ecosystem-based, not security dividends.

4.2 Voucher Value and Gemstone Redemption Power

The FairCarats (FCAR) token functions as a transferable digital credit, with its real-world value directly linked to the retail valuation of the lab-grown gemstone inventory. As the ecosystem matures, the redemption power of each voucher is designed to fluctuate based on the market price of available FairStones™ assets.

Conversion Benchmarks

Redemption rates are set against the trademarked FairStones Elite Moissanite™ product line (TM Registration: EM500000018935029). The current internal benchmark for conversion is:

- **Standard Rate:** 8 FCAR vouchers per 1.00 carat of Elite Moissanite™.
- **Dynamic Pricing:** While the conversion target remains fixed, the actual purchasing power of the voucher fluctuates in tandem with the FairStones Recommended Retail Price (RRP).

Estimated Purchasing Power

The value of a single **FCAR** voucher is estimated to be significantly higher than its internal structural floor of **\$10.00** when redeemed for physical gemstones.

Estimated Purchasing Power per FCAR

The value is derived from the "Standard Conversion Rate" of **8 FCAR vouchers per 1.00 carat** of Fairstones Elite Moissanite™. By applying this rate to the [retail price estimates](#), we can calculate the approximate retail value captured by each individual voucher:

Product Reference	Retail Value (EUR)	FCAR Required	Estimated Value per 1 FCAR (EUR)
0.20 ct Round Cut	€41.00	1.6 FCAR	€25.63
0.25 ct Round Cut	€49.00	2.0 FCAR	€24.50
0.30 ct Round Cut	€57.00	2.4 FCAR	€23.75
0.40 ct Round Cut	€73.00	3.2 FCAR	€22.81

Key Considerations for Value Estimation:

- **Premium Utility:** While the internal structural floor is targeted at **\$10.00** for ecosystem stability, the actual "buying power" in the webshop is currently estimated between **€22.00 and €26.00** per token.
 - **Included Services:** These value estimations typically include the cost of a printed certificate and may include postage and delivery fees.
 - **Dynamic Adjustments:** The final redemption power fluctuates in tandem with the [FairStones Recommended Retail Price \(RRP\) index](#) and is subject to specific gemstone availability.
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5. Technology and Architecture

5.1 Blockchain and Smart Contract Infrastructure

- **Host Network:** Polygon (MATIC) blockchain ERC-20 standard) for low fees and high throughput.
- **Liquidity Pairs:** FCAR/USDT, FCAR/USDC, and FCAR/WPOL across multiple DEX contracts under a single AMM.

5.2 Reserve Management and Security

The custodian assures that for every token in circulation there is either a gemstone in inventory or \$10.00 in the AMM reserve by using the following standards:

Dual Hot Wallet Structure

1. **Automated Market Maker (AMM) Wallet (DEX Owner):** Holds transactional inventory. **Tokens in this wallet are NOT covered by the \$10.00 commitment.**
2. **LabGemTraders Reserve Wallet:** Multi-signature secured central treasury, holding the assets and tokens necessary to honor the backing commitment.

The Daily Balancing Mechanism (Real-Time Audit)

A smart service automates the daily reconciliation process, **monitoring and targeting** internally to maintain **the \$10.00 floor** by:

- **Commitment Activation Rule:** Any FCAR token that is purchased from the DEX and leaves the AMM Wallet (entering a private wallet) is immediately included in the total supply calculation subject to the \$10.00 asset backing commitment.
- **Compliance Check:** The system verifies that the total reserve value backing the *circulating* FCAR supply equals or exceeds the \$10.00 commitment per FCAR.
- **Automated Transfer:** If a deficit is detected, the necessary tokens are automatically transferred from the LabGemTraders Reserve wallet to the AMM Wallet. Or vice versa in case of a surplus.
- **Public Attestation:** The result of this balancing operation is automatically published on the official Telegram channel, providing **daily, verifiable Proof of Reserve**.
- **Token Burning:** Whenever gemstones are sold through the FairCarats or FairStones retail channels, a corresponding quantity of FCAR tokens is **permanently removed** ("burned") from circulation, to reflect the internal balancing policy.

Annual Audit

At the end of every calendar year the custodian makes up the inventory of the FCAR tokens on the blockchain and the gemstone inventory held in the ecosystem. This report will be made public on the LabGemTraders website.

6. Risk Disclosure and Legal Disclaimer

6.1 IMPORTANT NOTICE AND LEGAL DISCLAIMER: This whitepaper is for informational purposes only. FCAR is not an Asset-Referenced Token (ART) and is **NOT** a security, stock, or share in LabGemTraders. The token may lose value entirely and is not covered by any investor compensation or deposit guarantee schemes.

Risk Factor	Description
Market Volatility	The DEX price \$15.40 may decline below the Token Sales price or the \$10.00 floor.
Asset Liquidation Risk	The \$10.00 backing is in physical gemstones and stablecoins. Converting a large inventory to fiat or crypto to support mass redemptions may be time-consuming and could result in asset value loss.
Regulatory Risk	Future regulatory changes (e.g., MiCA, SEC rulings) may negatively impact the token's structure, tradability, or liquidity.
Smart Contract & Custody Risk	Inherent software risks exist despite audits. The dual hot wallet structure, while transparent, carries inherent hacking risk.
Operational Risk	Failure in the automated daily balancing system or a sustained inability to sell FairStones inventory could erode the operational capital.

FCAR is a **utility token**, not a security, stock, or share. It may **lose value entirely** and is **not covered by any deposit guarantees**. **Participants must assess risks independently.**

6.2 Compliance and Data Privacy

Anti-Money Laundering (AML) & Compliance

Mandatory Basic KYC (Identity Verification): All participants in both the Private Sale and Public Sale are required to successfully complete **Know-Your-Customer (KYC)** checks prior to receiving their token allocation. These checks are enforced to comply with the **European Union's AML Directives**.

- **Basic KYC/CDD (Customer Due Diligence) will include:** Identity verification via a government-issued document and screening against global sanctions and Politically Exposed Persons (PEP) lists.
- **Source of Funds (SoF):** Due to the low minimum transaction size of the Private Sale (200 FCAR, ~\$2,800), **formal Source of Funds (SoF) verification is not mandatory** unless the participant's screening profile or cumulative transaction amount exceeds standard regulatory thresholds, in which case enhanced due diligence will be required.

GDPR and Data Security

Data Processing and Audit: The personal data collected (Name, Country, Email, and Wallet Address) is stored securely in an EU-hosted, GDPR-compliant database ([Google Firestore] via a secure private network) for the purpose of AML compliance and audit trail maintenance. By submitting your data, you consent to the processing required for this mandatory AML screening. This data will be retained for a minimum of five years as required by EU law.