



Official VeriCoin Statement

RE: Mintpal Security Breach

VeriCoin security was not breached or compromised in any way.

Mintpal is a centralized storage solution. Because of this, it is more vulnerable to attacks such as the one that has occurred. <https://support.mintpal.com/index.php?module=announce&sec=view&id=17>

In the best interest of VeriCoin, we have decided to revert the blockchain to a state immediately before the attack. This is not to protect MintPal from losses but rather to prevent a single entity from controlling 30% of the total supply, and to protect the VeriCoin users. Due to the way Proof of Stake operates, this quantity of coin could potentially attack the blockchain. To be clear, the coins that are on the Mintpal exchange are not owned by Mintpal but rather VeriCoins owned by users.

Two Scenarios if you are a VeriCoin investor:

- I. Your VeriCoins were stored in the VeriCoin wallet since 2AM EST 7/13/14
 1. You are completely unaffected by this breach. Staking your VeriCoin in the wallet is the best decentralized solution.
 - II. Your VeriCoin was in an exchange after 2AM EST 7/13/14
 - A. In the best interest of VeriCoin Investors, the solution is to have the theft reversed. This is being done to preserve decentralization of the blockchain due to the number of coins that were stolen.
 1. Reversal of the theft is done by pin-pointing when the breach in Mintpal's security system occurred and forking the blockchain prior to that point.
 - a) Reversal of the blockchain is not the preferred action but it vastly minimizes the loss to the VeriCoin investors.
 2. Mintpal will be reimbursing other exchanges and VeriCoin traders on their exchange for any transactions that were made and lost since 2AM EST 7/13/14 due to the theft reversal process.
 - a) Mintpal will be going through each individual transaction line by line and compiling a list of addresses to reimburse the VeriCoin investors.
 - b) This process will take time. Contact Mintpal or the exchange that you were using to trade VeriCoin with any questions or concerns.
 - (1) Mintpal will be reimbursing their traders and will be reimbursing other exchanges so that those exchanges can reimburse their traders as well.
 - (2) This is the Mintpal support link: <https://support.mintpal.com/index.php?module=tickets&sec=submit.step2&department=1>
 - III. After the new wallet is released, the blockchain will continue from prior to when the Mintpal Security System was breached.
-

First and foremost, our goal is to protect our VeriCoin community. This was not a security breach on our end, however we are working in conjunction with Mintpal to make sure our investors are reimbursed. We will continue to ensure that our blockchain is protected and provide answers to any questions you may have.

In the wake of this unfortunate attempt to weaken VeriCoin, we will rise stronger as a community, as investors, as stakeholders and people!

Thank you for your continued support and patience during this time.

The VeriCoin Team

Patrick Nosker, Douglas Pike and David Boehm