

USE CASE 01 / COTO PPT 54

Digital title and USD settlement

Proposed operating design, version 2.0, 28 October 2026. Source concepts are from the COTO presentation; detailed controls, timelines, test gates and charging units are implementation proposals, not PPT quotations or live-service promises. All examples are synthetic. Prices and trade principal remain USD; local labour payments follow mandatory local rules. No invented partners, committed customers, tariffs or efficiency results are asserted.

Business outcome

Maintain an evidence-backed record of entitlement to identified carpets, while keeping custody, legal title and final payment as separate facts.

Accountable roles

COTO trade coordinator owns the workflow; the seller and buyer approve the contract; a separate finance reviewer checks receipt evidence. Legal title is determined by the executed sale and applicable law.

Required information

Sale/order version; item/lot identifiers; quantity and unit; seller/buyer authority; location and custodian; express title trigger; USD milestones; inspection period and remedies; restricted beneficiary-verification reference; permitted evidence sources.

Separate lifecycle states

Record lifecycle: draft > contract-agreed > dispatched > received > inspection-accepted OR disputed > entitlement-reviewed > closed. Payment is a separate ledger: unpaid / provisional / credited / available / reversed. An entitlement record is not a negotiable warehouse receipt or statutory document of title.

THE OPERATING WORKFLOW

From a real input to an approved outcome

01 / Fix the legal trigger

Responsible: Seller + buyer

Complete Sale Agreement 05 and Schedule 13. Specify whether title depends on payment, delivery or another enforceable event; record risk separately. Both approve the same version. No default seven-day hold or AMN coin is adopted from the presentation.

02 / Register the physical scope

Responsible: Seller + custodian

Identify every rug or the precise controlled lot, record count/condition and tag mapping, and disclose any lien or retained-title interest. Reviewer checks authority to sell; unresolved competing claims block an ownership assertion.

03 / Record dispatch and receipt

Responsible: Seller then buyer/custodian

Record sender/receiver, timestamps, location, count, transport reference and supporting fingerprints. The receiver independently confirms what arrived. Custody change alone never marks legal title or payment as complete.

04 / Inspect and allocate exceptions

Responsible: Buyer + quality reviewer

Approve conforming quantity and identify disputed pieces separately, with evidence and an agreed cure. Respect the sale inspection period and hidden-defect rights. Do not infer acceptance from silence unless the executed lawful terms expressly permit it.

05 / Confirm the payment condition

Responsible: Finance reviewer + actual beneficiary

Use a lawful agreed bank route outside COTO. Independently verify beneficiary instructions and confirm the exact invoice, USD amount, fees and available-funds event. A screenshot, chain transaction or operator attestation alone cannot establish final bank credit.

06 / Review entitlement and close

Responsible: Authorized seller/buyer representatives

When the contractual trigger is evidenced and unresolved rights claims are cleared, record the agreed entitlement event and approval references. Correct later reversals through a new linked event and legal review; do not make an irreversible automatic title decision from a payment webhook.

CONTROLS AND IMPLEMENTATION

Make exceptions visible

Failure handling and human safeguards

Short/damaged delivery: quarantine the identified quantity and seek a signed resolution. Payment shortfall/reversal: keep the payment state unresolved and reassess the contractual title trigger. Conflicting claims or lost tag: freeze the affected entitlement view and require evidence; never mint a replacement as a shortcut. Timeouts create reminders, not automatic fund release.

Blockchain, AI and private evidence

Keep the executed agreement, bank evidence and identities off-chain. A future approved relayer may anchor the salted digest and opaque record/version; this proves consistency, not title validity. AI may extract invoice fields into a draft, but a person verifies parties, currency, quantities and dates. No AI or smart contract adjudicates disputed title or sends bank funds.

Start with the existing pilot

Use existing orders, separate approvals, protected audit records, invoices, operator-attested receipts and balances. Add a coordinator-maintained entitlement/exception schedule with signed approval references. The pilot has no dedicated legal-title register, partial acceptance or provider webhook.

Additional software required

Add item-level custody/entitlement records, partial inspection lines, amendment approvals and a separate payment-event table. Only after provider approval: signed-webhook verification, event deduplication, server-side amount/order matching, reversals and daily bank reconciliation. A checkout page alone is insufficient.

Current boundary: invited profiles, lot/order records and approvals, selected fulfilment events, invoices, operator-attested receipts, balances and protected private audit are configured. Several actions are API-only. Public blockchain worker, payments/crypto/escrow, AI, bidding, public passport resolver, evidence-vault uploads and the richer registers described here are not activated by publishing this design. Roles are proposed functions to assign and resource, not additional named team appointments.

PILOT AND COMMERCIAL VALIDATION

Prove the mechanism before scaling

Synthetic worked scenario

Synthetic example: 20 rugs at USD 500, received 20, accepted 19, one disputed. The order remains USD 10,000; an agreed USD 9,500 invoice with USD 3,000 confirmed test receipt leaves USD 6,500 invoiced unpaid plus USD 500 not yet invoiced/disputed. Do not call the full USD 7,000 order balance all overdue.

Required acceptance tests

Reject a repeated receipt reference; preserve a reversed payment as a new event; block entitlement confirmation with a missing title trigger; keep one disputed rug outside accepted quantity; verify no real payment or public-chain write occurs.

Measures and go/no-go

Title-trigger evidence completeness; unexplained custody/title differences; accepted-delivery-to-confirmed-funds time; unreconciled reversals. Pilot gate: all scripted exception cases remain visible and no unresolved event is represented as settled.

Proposed payer, charging unit and cost drivers

Proposed payer: seller/buyer under a disclosed service order. Unit: enabled agreement/reconciliation service or subscription; no percentage charge on principal is implied. Track staff minutes per exception and integration cost before setting a USD tariff.

Pilot sign-off record

Before execution, assign the actual responsible people, permitted data source, cohort/route, approved costs, test dates, evidence reviewer and release authority. Record each test outcome, unresolved exception, manual fallback and rollback procedure. Do not activate an unapproved model, payment provider, public-chain transaction or unsafe equipment connection.

Source and scope

COTO presentation slides 54. Detailed operating steps, test cases and commercial units are new implementation proposals. Read operating-model.pdf for shared controls, templates, release gates and primary technical references. The legal pack remains draft until completed and reviewed.