REGULATED MARKETPLACES AND FRACTIONAL OWNERSHIP

# CarArt

Fractional CTO, then program lead, for a marketplace selling fractional shares in collectible cars to the public under a Regulation A+ structure. Most of the difficulty was never the application.

| 2023 | 3 | 10 | 80%+ |
|---|---|---|---|
| Fractional CTO, then program lead | Routes to market, costed | People on the team at peak | Complete when the program stopped |




THE CARART BRAND SYSTEM, PRODUCED AND MANAGED UNDER OUR OWN VENDOR CONTRACTS

## THE PROBLEM

CarArt set out to make collectible cars investable by anyone. Buy a share, hold a uniquely numbered digital and physical trading card for it, keep it in a virtual garage, and talk about it with the other owners.

That is a securities problem with a marketplace attached. The offering has to be registered. A broker-dealer has to cover the states the registration does not reach. A transfer agent has to hold the ownership record. Investors have to pass identity and anti-money-laundering checks. Subscription documents have to be generated and signed, funding has to clear, and there has to be a route to secondary liquidity.

The corporate and tax structure decides what the platform is allowed to do, so it has to be right before anything is built. Robles Industries signed as fractional CTO effective 1 March 2023 and stepped up to development leadership and technical project management once the build started.

## WHAT WE RAN

- **Technical leadership across the offering.** Product definition and requirements, evaluation of service providers, integration planning, financial modeling, presentation preparation, and the electronic connections between the marketplace and the regulated parties.
- **The vendor bench, under our own contracts.** A brand studio on identity, style guide and application design. A consultancy on brand development and business process mapping, including stakeholder interviews and a one-year vision dashboard. A product manager on a nine-month retainer. A national accounting firm on structuring and tax. A regulated transfer agent and data platform for the ownership record, with a funding partner behind it.
- **Version one production requirements**, written as the list of things that had to be true before the business could take money.

## THREE ROUTES TO MARKET, COSTED

The founder had to choose a regulatory path, and the three real options carried different costs, different exposure and different speeds. We put them side by side with the numbers attached: a Regulation D 506(c) placement on a white-label front end while the Regulation A+ registration was filed, the same placement on our own marketplace, or the full Regulation A+ path with a website and a mobile app. Broker-dealer commission, state filing exposure and speed to investor acquisition were compared for each.




## HOW IT IS BUILT

The application work that started was a Python API, an Angular 16 web client and native Android and iOS shells across six repositories in 2023. The regulated core was on purpose not rebuilt in house. Ownership records, subscriptions and transfer agency were to run on an existing regulated platform through its APIs, with the marketplace and the gallery on top.

The subscription flow was scoped against that platform: account setup, identity and anti-money-laundering checks, accreditation, document generation and electronic signature, a broker-dealer and funding partner behind it, a path to an alternative trading system for secondary liquidity, and handling for transfers by death, divorce and gifting, which is common in collectibles.

Python | Angular 16 | Android | iOS | REST APIs | Transfer agent integration | Regulation A+ | Regulation D 506(c)

## HOW WE RAN IT

Fractional CTO on retainer from early 2023, stepping to a higher tier once development began, with a two-week sprint delivery method written into the agreement as an appendix that the client's counsel reviewed. Weekly client meetings at a minimum.

The vendor bench was hired, managed and paid by Robles Industries under a work order structure added by amendment in June 2023. Execution ran on a scrum cadence with a demo and retrospective with the platform partner twice a month, and a one-page weekly health report for the executive sponsor.

The product as designed: own shares of a specific car, a showroom, uniquely numbered trading cards, a virtual garage with augmented and virtual reality planned, collectible tokens, member events and a community feed, behind a three-step onboarding flow.

## WHAT HAPPENED

The platform did not reach launch. Frank built the whole team, design, product management and development, ten people at its peak, and the product was more than 80 percent complete when the client ended the program in mid-2023.

What was delivered stands without the launch: the program structure, the vendor bench, the requirements, the regulatory routes with their costs, the brand system and the marketing site design. Writing a marketplace is ordinary work. Getting the securities, tax and transfer agent mechanics settled before the first screen is drawn is not.

### THE QUESTION THE ACCOUNTANTS ASKED FIRST

The structuring and tax request had to be answered in full before the build could proceed: organization chart and US tax classification by jurisdiction, capitalization, token allocation, employee token compensation, and what rights a fraction actually carries. The platform could not be designed until those answers existed.

### WHAT WE CAN START ON

A regulated offering that needs a transfer agent, a broker-dealer and a funding partner wired into a real product. A vendor bench we contract, manage and pay on your behalf. Or the requirements and the regulatory options priced out before you commit to a build.

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