

Welcome to

Hot Potato Adventure

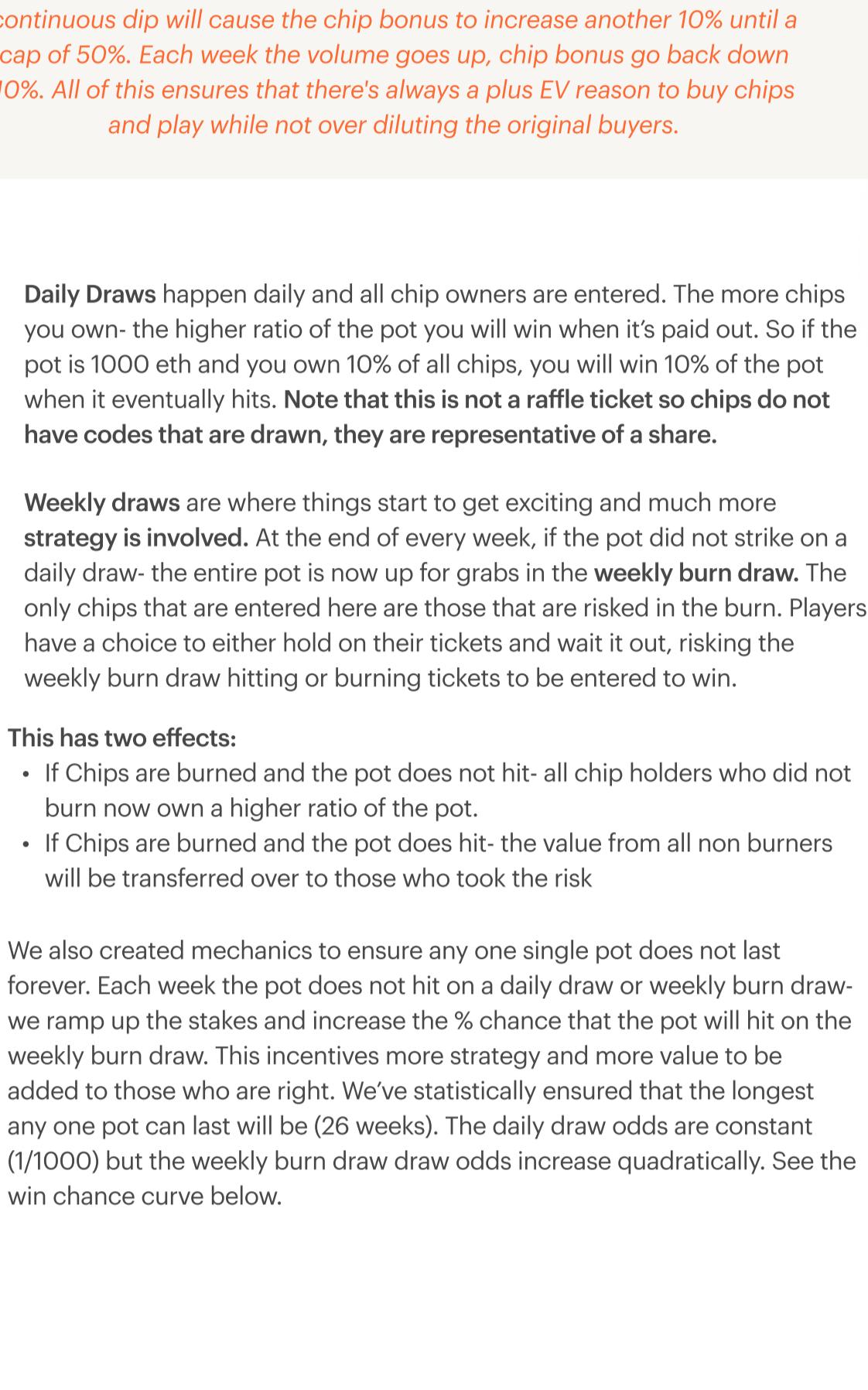
Hot Potato is an **Ethereum-based** Perpetual GameFi protocol built to act as a fully decentralized and perpetual draw. The draw is a game of **strategy** and **skill** with a small amount of chance to keep it fun and continual. The game is **fully denominated in ETH**, with all winnings, deposits, and governance rewards denominated as such. The game, in its continual form, provides **non-stop rewards** as long as the games continue to run.

Game Mechanics

Step 1 The Hot Potato Protocol starts with an initial LGE Event that is broken into 2 rounds that act as the initial liquidity for price pools. **100% of the LGE goes towards the prize pools**

Step 2 LGE moves money as game starts. Players will then be able to purchase chips with each chip representing one share of the protocol's prize pool (chips can be purchased through contract interaction or our HP UI). Each share of the protocol's prize pool is proportionally represented as a share of the protocols daily jackpot.

The initial LGE deposits **100% of raised Eth** into the prize pool, all subsequent chips sales will add **95% of the sale to the pot**. This increases the pot's value, enabling each sale to support the hot potato flywheel and add value to winnings. It additionally acts as a safeguard to prevent the dilution of previous chip holders. The other **5% of ETH from chip sales** is paid out as a reward to the **governance token holders**.



Chip Pricing within Hot Potato follows a model that promotes a continuously appreciating chip price. This is done through a concept called **burning**, which is a liquidity sink within the protocol that takes chips out of circulation for user action to participate in the protocol. This includes but is not limited to, **burning chips to participate in weekly draws** and transfer fees when moving between accounts or selling.

$$\text{ChipPrice} = \frac{\text{total chip sales}}{\text{total number of active chips}}$$

The price of chips will stay near constant, barring standard weekly draw burn-to-participate mechanism or incentive events (such as buy-and-burns or chip sale incentives). This can be outlined below, in two cases, one as a regular purchase, and one subsequent to a monthly burn.

For example, if the total revenue from chip sales is 1000 ETH and there are 100,000 active chips then the price to mint a new chip will be 0.01 ETH.

If before the weekly draw 100,000 additional chips are sold, then total revenue from chip sales will be 2000 ETH and there will be 200,000 active chips, meaning the price stays at 0.01 ETH. A chip sale does not affect chip price since both chip revenue and active number of chips go up in the current proportion.

All chip transfers and secondaries enact a 10% burn of the total transfer value. This is to ensure that chip sales always drive value to the governance and pot.

If before the weekly draw 10,000 chips are burned, then the mint price will increase due to a reduction of total active chips. This is represented in our mint price calculation example below:
 $2000/(200000 - 10000) = 0.01052632$ ETH
Whereas 2000 is total ETH in prize pool, 200000 is current active chips and 10000 is chips burned.

Discount Flywheel

The perpetual nature of the game is further rebalanced by this mechanism that auto adjusts the chip values as total chip sales go up and down each week. Though we fully expect chip sales to go up each week with the excitement and pot building, if chip sales ever dip- starting at 10%, each continuous dip will cause the chip bonus to increase another 10% until a cap of 50%. Each week the volume goes up, chip bonus go back down 10%. All of this ensures that there's always a plus EV reason to buy chips and play while not over diluting the original buyers.

Step 3 Daily Draws happen daily and all chip owners are entered. The more chips you own- the higher ratio of the pot you will win when it's paid out. So if the pot is 1000 eth and you own 10% of all chips, you will win 10% of the pot when it eventually hits. Note that this is not a raffle ticket so chips do not have codes that are drawn, they are representative of a share.

Weekly draws are where things start to get exciting and much more strategy is involved. At the end of every week, if the pot did not hit on a daily draw- the entire pot is now up for grabs in the **weekly burn draw**. The only chips that are entered here are those that are risked in the burn. Players have a choice to either hold on their tickets and wait it out, risking the weekly burn draw hitting or burning tickets to be entered to win.

This has two effects:

- If Chips are burned and the pot does not hit- all chip holders who did not burn now own a higher ratio of the pot.

- If Chips are burned and the pot does hit- the value from all non burners will be transferred over to those who took the risk

We also created mechanics to ensure any one single pot does not last forever. Each week the pot does not hit on a daily draw or weekly burn draw- we ramp up the stakes and increase the % chance that the pot will hit on the weekly burn draw. This incentivizes more strategy and more value to be added to those who are right. We've statistically ensured that the longest any one pot can last will be (26 weeks). The daily draw odds are constant ($1/1000$) but the weekly burn draw odds increase quadratically. See the win chance curve below.



Seeding Event

The seed sale is created to create a base layer of commitment that the game will launch with no less than **1M dollars in eth**. Therefore this round will close at a limit of 1M. The Hot Potato team is also committed to allocating the difference to **1M within 14 days** to close the public sale.

The public sale will be run as a **dutch auction** over the course of 6 weeks. The seed sale will be in the same dutch auction pool but will earn a 50% bonus from the team tokens. A bonus share weight to those who allocate earlier starting from 30% and linearly decreasing over the time period of the sale. All funds raised from the sale will be used to seed the game pot. Governance tokens will be distributed before the game starts and will earn rewards at the first chip sale **24 hours after** that- the adventure begins and the game ensues.

How do I collect my governance reward?

All holders of governance tokens will deposit into a non locking contract to receive both their pot hit and chip sales claims. When these events occur- governance holders will have a cool down period and then those will be immediately claimable. These governance tokens are not locked in the contract and can be withdrawn at any time. But only those that are in the contract can claim the earnings for smart contract security.

The cooldown period for chip sales is 7 days

The cooldown period for pot hits is 30 days

How will we get the word out?

The game will have a minimum of **1M dollars from seeding events** that will be paid out that can be verified on chain. This is **unstoppable marketing**. Anyone can read the contract, anyone can participate.

But to ensure that we have the most **ambitious community** possible, we're calling all members of the governance to **write and share their own strategies**. This is a game of skill, game theory, psychology- to be gamed by only the biggest and most daring of brains. By rewarding the community for coming up with its own game theory- this is natural marketing as the prize pool increases and the word gets out.

To go even further- we've made sure to stack our Governance with some of the **best on chain thinkers** and key opinion leaders from the airdrops farming, bribe and gauge wars, market making and dev space. With its fair share of degens as well.

A part of this is ensuring that the community reaches beyond the english speaking community- so that everyone can get involved. We will be launching in English, Chinese, Korean, Spanish and will increase presence over time.

And to go even further- after launch our governance will have the opportunity to encourage a **rewards and referrals structure** for players who want to get further involved in the action by spreading strategies and inviting new players to learn about how the thrill of Hot Potato Works.

How is the governance broken down?

Because Hot potato is a **fully decentralized game** only the owners of the game have the **right to vote and make decisions on behalf of the game**. More details will be released on this over time.

By being a part of the governance you're **rewarded** for starting the game and supporting its growth. Incentives are aligned as the hotter the game gets, the more direct eth rewards you earn.

The token distribution is as such:

- $a = \frac{8}{1000}$

- $b = 1$,

- $N = 26$,

- x_{values} is defined from 0 to $N - 1$ inclusive.

$$y_{values} = a + \left(\frac{b - a}{\max\left(\left(\frac{x_{values}}{\max(x_{values})}\right)^2\right)} \times \left(\frac{x_{values}}{\max(x_{values})}\right)^2 \right)$$

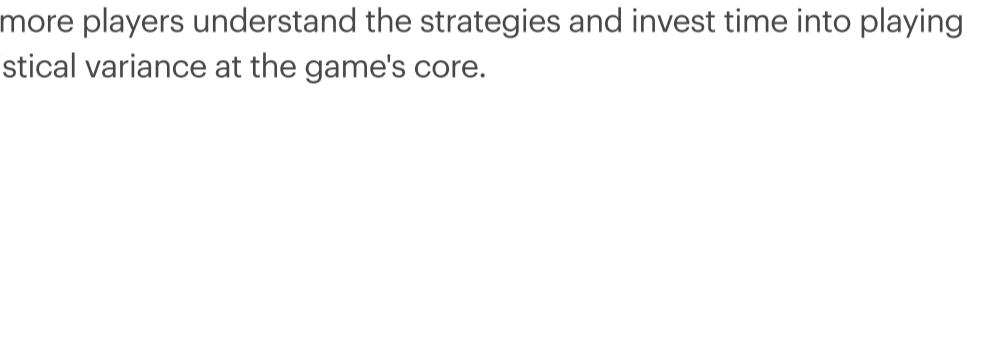
where:

- $a = \frac{8}{1000}$

- $b = 1$,

- $N = 26$,

- x_{values} is defined from 0 to $N - 1$ inclusive.



Final Thoughts

For the strategist, the statistician, and the Ethereum enthusiast, Hot Potato is more than a game; it's a challenge to your acumen, a test of your strategy, and a tribute to the power of decentralized gaming.

With every chip purchase, every strategic burn, and every governance decision, you're not just playing; you're shaping the future of decentralized finance and entertainment through the statistical variance at the game's core.

Ready to leave your mark on the Ethereum blockchain? Welcome to The Hot Potato Adventure.

