**SponsorCoin: A Peer-To-Peer Electronic Sponsorship System**

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**Abstract.** A purely peer-to-peer version of sponsorship crypto would allow online payments to be sent directly from one party to another without going through a financial institution. Financial Institutions while claiming to be secure are, in reality, one of the least secure parties due partially to “Bail in Legal Tender Laws” and total disregard for privacy utilizing KYC and other protocol tracking implementations. We propose a solution where the free-market economy can donate sponsorCoin crypto coins while maintaining complete custody of any sponsorCoins obtained. This donation is an on going sponsor utilizing proof of stake and is only revoked when the coins are returned back to the market or the sponsor wallet address is changed. The newly allocated staked coins will have a portion of these coins distributed to the sponsored party wallet with the remaining deposited in the sponsors wallet. When a sponsor obtains sponsorCoins, two addresses are required, first the sponsor must provide their wallet address and second, the sponsored parties wallet address. SponsorCoins are proposed to have an annual ten percent inflation with a delegated allocation of no less than 2% delegated to the sponsored party and the remaining 8% allocated to the sponsor.

# Introduction

Sponsorship on the Internet has come to rely almost exclusively on financial institutions serving as trusted third parties to process electronic payments. While the system works well enough for most transactions, it still suffers from the inherent weaknesses of the trust-based model. Completely non-reversible transactions are not possible since financial institutions cannot avoid mediating disputes. Outside influencers may also play a role of interference with the transaction through regulations and other mandates warranted or not. Transactions through a financial system always involves trust and trust is potential point of failure. Middleman three tier financial transaction costs are substantially, with considerable higher latency. Sponsored recipients must be constantly soliciting to ensure the flow of funds required for their cause. A certain percentage of fraud is accepted as unavoidable. These costs and payment uncertainties can be avoided in person by using physical currency, but no mechanism exists to make payments over a communications channel without a trusted party. Finally current sponsorship systems involve the alleviation of capital from the sponsor which is a limiting factor on the contributions which may collected for the cause.

What is needed is an electronic payment system based on proof of stake instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party. Transactions that are computationally impractical to reverse would protect sponsors from fraud and other outside interferences. Newly routinely generated coins through proof of stake would be distributed proportionally between the sponsor and the sponsored recipient. This form of sponsorship would ensure a constant funding supply to the sponsor and sponsored recipient. In this paper, we propose a solution to the inefficiency of the current sponsorship systems while providing a constant flow of capitol to both the sponsor and sponsor recipiant.

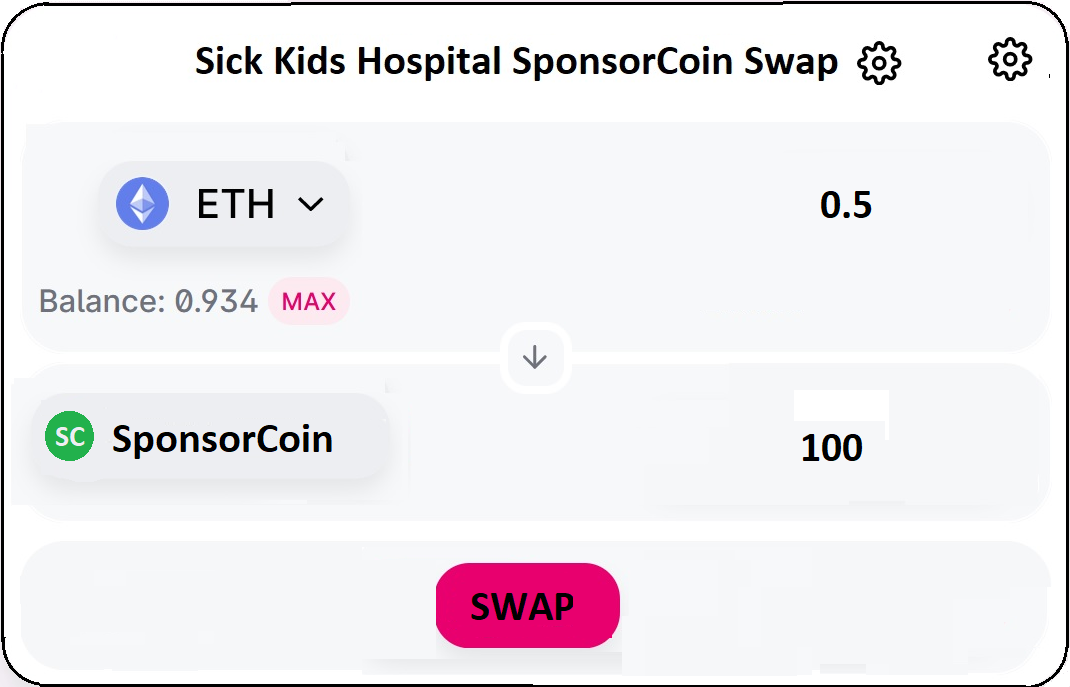
# Technology

The initial release of sponsorCoin is a blockchain Layer 2 solution written in the solidity language deployed on a Layer 1 block chain such as Ethereum, Binance, Fantom, Solarium and others. The sponsorship coins can be managed through each of the layer one custodian wallets; however, a sponsorship management wallet app with management contracts are required to allocate and re-allocate the sponsors proportions.

# Transactions

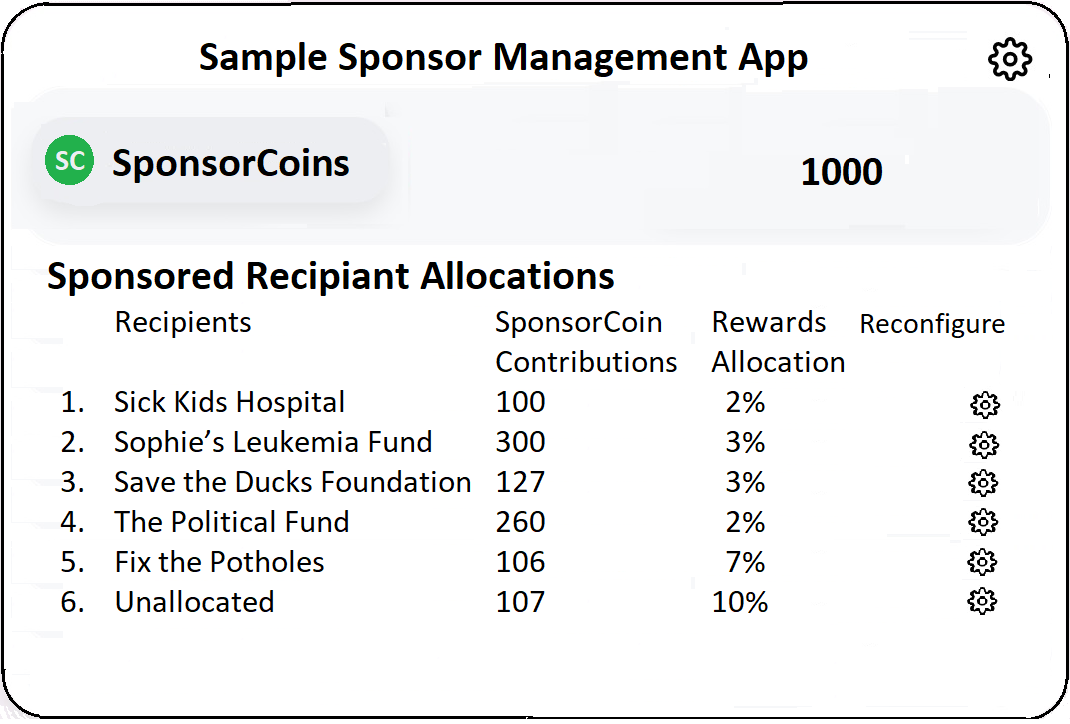
Like all layer 2 token transactions, each wallet owner transfers coins into their wallet digitally through the acquisition of coins from an alternate source wallet such as Ethereum. Other market traded coins such as Bitcoin or Ethereum can be used for acquiring the specified amount of sponsorCoins. SponsorCoins may be bought from supporting exchanges or directly through web sponsor recipients using their custom sponsorCoin page. A fictious Sponsor “Sick Kids Hospital”, Page would Contain a dialogue similar to:

**Buy your Sick Kids Hospital sponsorCoins Here**



The Selected coin in this case Ethereum would be matched with the market value of SponsorCoin at the time of trade. When swap button is selected, the desired amount is deposited to the sponsor’s account. The sponsor and the sponsored recipient will receive a percentage of future distributions from the staking pool in proportion to the amount of sponsor coins bought by the sponsor.

The Swap Button executes a sponsorCoin contract delivering the payment token, the amount of sponsorCoins purchased and the sponsor’s Registered Name and or the sponsors recipient wallet address. The sponsors wallet will be updated with this data for proof of stake distributions to both parties Involved.



# Proof of Stake Distribution Allocations

ToDo

# Wallets

ToDo

# Incentive

ToDo

# Privacy

ToDo

# Conclusion

ToDo

Recipients SponsorCoin Rewards

Contributions Allocation

1. Sick Kids Hospital 100 2%
2. Sophie’s Leukemia Fund 300 3%
3. Save the Ducks Foundation 127 3%
4. The Political Fund 260 2%
5. Fix the Potholes 106 7%
6. Unallocated 107 10%