RUSSIAN ROULETTE DAO

LITEPAPER

EXPERIMENTAL PONZI. WILD WEST 📍.

SAFE. STABLE & SUSTAINABLE CRYPTO.

Let's review the path we have walked in the last bull season. Everyone witnessed the controversial messes that unravelled in and around OHM forks, Fantom ecosystem fan fav developer projects, and lately Terra Luna. Causes were different for each, with some just being bad fundamentals in place from the foundations, with investors living a lie and builders building on top of one. A lot of people sadly lost their lifetime savings, or hard earned gains they made from investing in these projects early. Times are changing, mechanisms are changing, there are flaws in almost every merchant of hope. But one thing that remains constant over time is the need for a mechanism that actually works to protect investors and the project from collapse. Something that gives a great degree of guarantee to your investment, so that you can sleep at night once invested without worrying about a total collapse overnight.

Let's touch on the most recent popular mechanism that tried guarantee value to investors: backed rebase tokens.

When the last bull run started, after the last halving of 2020, I remember when everyone was excited about defi, with the hope it would bring wealth for all invested. Even basic mechanisms like staking were a huge deal, with some projects built just to offer staking pools to other projects. Staking is a good mechanism, but with limitations. Namely: the need to offer rewards in return for the sacrifice/commitment of staking, and the uncertainty about the exact sell pressure that would ensue upon unstaking as the holder is now free to sell (reward tokens accrued included). What followed was a craze about staking rewards being offered, with some offering as much as 500% APR for just staking tokens. In reality this method had the same fundamental flaw as the rebasing tokens which we will talk about later, the problem of token inflation.

As the season continued, OlympusDao came in with backed tokens & rebasing, and found a cult like support base just as staking before it. This time the mechanisms were complex, mathematically sound to justify value retention & the extremely high rewards distribution despite the inflationary nature. Complex calculators were made, and success was enjoyed. But despite the guarantee to investors that value will be retained, they failed to remain sustainable too as time went on.

Then fast forward through all the controversies and collapses that followed, there is no safe mechanism that guarantees value today. Safemoon introduced us to the world of taxed transactions, MCC then went on to make it main stream but fell short of using them, to guarantee an income stream that's meant to offset any losses on token price. Taxes collected compared to the level of financial injection required to offset the drop in token prices, in addition to performing buy backs to curb the drop in token prices to investors, is simply not enough if not negligible.

But do we just need to rely on one holy grail mechanism to save us all from pumps and dumps in this industry no matter how good the project is? All mechanisms have their benefits and limitations, but

when combined and carefully stitched together, these simple mechanisms they can amplify their benefits.

For rebasing tokens, it was simply an inflationary approach and safe guards that didn't kick in as they were meant to.

In this comparison, we take two fundamentally different projects: OHM and MCC. And compare them in terms of sustainability. These are two really popular projects that made waves with their mechanisms. The only thing they have in common, like with any other project, is to be a good investment and to guarantee the value after. Unlike most projects, they are **self-preserving projects**. Projects that seek to attract value from the outside and contain it within, and use it to reward holders. OHM attracts assets to build a treasury, then use fees to create a runway. MCC sources from both taxes and external investments to bring back into the project as a hypothetical runway (more like reward or loss offset really).

One is a mathematical approach and a bit overly complicated for most layman in crypto, it's a big balanced equation. The other is simplistic, more inclined towards economic modelling with taxes and external income. **But their mechanisms are amazing and inspire us all to think outside the box in pursuit of sustainable crypto.**

Let's take a dive into OHM and MCC. If you know what they are, you can go ahead and skip this part.

OHM

the native token of OlympusDao is backed in the treasury by a basket of digital assets, that then provides base cover per token you own. The idea is that its value doesn't fall below that of the backing asset. It's a digital-asset-backed token approach, coupled with rebasing, bonds, and staking. When i first heard about OHM i couldn't believe it, and digging into the mechanisms I remember thinking "wait, how are these high APRs sustainable? How is this rebasing inflationary mechanism even healthy for the project long term"? Answer is, it wasn't, and **Jade protocol** was one of the few that called it out. Since then we've seen a couple rebasing projects fail to even use the treasury to buy up tokens when they hit the backed price. We've seen the magic makers, Abracadabra $SPELL and $MIM quite openly screw many of their investors because of the cascade of liquidations which come from the unnecessarily unsafe and complex to understand mechanisms inherent in rebasing and high yield paying tokens.

MCC

a totally different project altogether in nature to OlympusDao, has a focus on taxing all buy and sell transactions, then converting the fees collected by swapping them into the liquidity pool, and using the Eth for yield farming and reflections. And the promise that yield dividends from farming and the reflections from buy transactions given to the investors. It should act as a good enough reason hold your tokens and not sell them, whilst attracting new users who want the passive income too. As has been seen by the recent major dips in MCC price, investors are selling regardless. This is mostly because the risk don't balance the rewards. Late comers who buy at the top, will simply not earn reasonable passive income dividends, the majority of it goes to early investors. And what you are left with is exposure on your initial investment token holdings, versus the insignificant dividends you are given. The risk outweighs the benefit! Buy backs are used to try keep the price up, but like most projects the buy backs are insignificant if everyone sells at the same time.

Why compare them?

As unrelated as they are, the reason why they are being compared here is because they both try guarantee your investment, the former using backing, the later in passive income rewards that keep coming until infinity. They both ask for patience until the yields or rewards add up.

Rebasing is responsive to demand and supply, coupled with buying back bonds from users, to manage the floor price/backed price. Can we achieve the same value guarantee using taxes? MCCs buybacks (when addressing token value) or taxes (when addressing rewards) which are the main source of income for the treasury that will reward holders, aren't responsive to anything, but they should be if they want to guarantee value effectively.

Lessons to draw from OHM

1. The function of the bonding mechanism is to reduce the liquidity of OHM in other exchanges by limiting the bonding users with a lock-up period of five days. The lock-up periods will mitigate the new bonding users' direct sell-off and help improve the liquidity of other projects on its platform. Locking to deter sell offs.
   *We could tax to deter sell-offs. And offer reasonable periodic favourable taxes to release some sell pressure.
2. When the token supply increases, the Olympus protocol burns the OHM tokens, and when the supply decreases, the protocol mints more OHM tokens to stabilize its price.
   *We could burn more effectively under deterrent taxes to give a stable price.
3. Staking OHM into the Olympus treasury by OHM holders when OHM's value is higher than 1 DAI. OlympusDAO guarantees that this process offers new OHM rewards to stakers through rebasing and offering a high APY.
   *Staking still works, but the high yields are not sustainable, they will never remain this lucrative. Instead, staking could give you some sort of access to cash in on another form of value, not just rewards. Promising high yields is just adding pressure on yourself, regardless of it being calculated.
4. OHM was also a victim wherein the market wide liquidations on other assets, put significant selling pressure on OHM holders. As a result, investors and traders in the Olympus community were taking profits from their OHM positions by exiting and selling OHMs for other cryptocurrencies.
   * Its just as prone to market cycles, but it should not be. Here taxes can catch 2 birds with one stone, a deterrent tax is a deterrent tax regardless of season, its more effective.
5. Bonding, the process of buying bonds offered by OlympusDAO. Allows users who buy these bonds will enjoy discounts when buying OHM. Remember that buying back bonds from user/investors helps in burning OHM.
   *The discounts are used to entice investors, the discounts help encourage a key utility here. We could serve a key utility with discounts even on just buying tokens.

6. OHM being a digital-asset-backed currency inherits the troubles of the backing currencies, lets face it. So being able to guarantee value without inheriting outside risk would be perfect.
   *Again taxes have a triple kill now, they cancel sell pressure naturally to manageable levels that curb significant drops in token price.

Tokenomics are still everything in crypto, they determine the long term success of a project. The full extent of their effects vary from project to project mostly because of supporting fundamentals placed around them. A good way to test tokenomics would be with meme tokens. Most people view meme tokens are useless and detrimental, but they are constantly on the frontier lines when it comes to testing if a project will last based on popular mechanisms in use in the industry at the time. This is because they are true to their nature, they accept they are a ponzi and its all about making money, with no real-world use cases for their tokens. They pump and dump just like any other token, even biggest crypto tokens. If mechanisms work correctly for a meme token, then they will definitely work for all other projects. Let's start by identifying the major issues that affect sustainability.

Let's touch on **OHM forks** issues. Wonderland & Abracadabra Money.

- Dilutive minting on reward tokens (wMEMO)
- If nobody sells everyone can be rich on paper, with a calculator = Lambo
- Works when new people keep coming, last to come gets REKT. Proper 80,000% APY Ponzi
- Where are the buy backs to cover base/backing price? The model OHM forks use is good for building treasury, but what's the point if the huge treasury doesn't benefit holders? Price supports are not kicking in on all OHM forks that dip below treasury value (Spartacus).
- How low will the price of TIME go, in actuality. Wouldn't that be great to know for any project? Time is backed not pegged, as said in the whitepaper. But if the price of 1 MIM which backs 1 TIME token, falls down, then what's the actual base price for TIME? Its easy to fall below backing price like this, as the dollar value is depended on backing tokens value & market pricing of TIME. For argument's sake the OHM model was built to become the decentralised reserve currency of defi, so your value isn't really dollar pegged, you are exposed to the whole market of backing tokens. Hence the calculator for some hopium. However, token ROI is still important, its still supposed to gain or maintain value in addition to the rewards your tokens earn you. Its easy for OHM forks to fall below backed price, esp when the buy backs are done manually yet token sellers are outpacing the buy backs.
- Most people don't understand bonding, rebasing, and wrapping of tokens e,g MEMO tokens to give it utility in other places and gain other tokens. Its farming magic but overly complicated, only those who mastered it made a fortune.
- You can cut the whole chain on buying $TIME and getting MEMO then wrapping it to wMEMO, by buying wMEMO directly on Sushiswap, then stacking it. So why do we need to buy TIME?
- Exposing newbies to high leverage in a system most don't really understand, leads to a painful cascade of liquidation events.
- Airdrops. You are supposed to benefit from any acquisition by Wonderland. But you're only as big as how early you came to the party. Big fat kids who've been eating longer than you,

will scoup up all the significant sweets when you crack open the Pinata, good luck grabbing some. Secondly its hard to quantify your net gains and losses when you don't know when the drops are coming and how well they will perform. Jade protocol despite being a critic of TIME, adopted this airdrop model, and when they dropped it their token is in the shitter as well. Well at least it has some real backing right?

- Rules are changing constantly once you stake in these DAOs.
- Time locks and staking are the main tools to reduce selling pressure. But a big fat reward ready to be cashed will tempt you differently, taking profit is inevitable. That's why reflections in project tokens are useless even more.
- APY sustainability is derived from other factors (assets backing or something, read about this). But it can never last forever, there is a great probability it all stops when nobody joins anymore.

Let's touch on some MCC issues as a representative case study of taxed transactions project. Whilst at the same time drawing comparisons with OHM above just to point out a few things.

- Sell pressure is not capped in any way (unlike OHM projects which know the investors and their money are the real wealth to attract and protect) MCC does not back or guarantee token price. MCC guarantees passive income/rewards.
- As such sell pressure is unchecked (with OHM the backing of price using assets brought in by investors to the treasury indirectly offsets sell pressure)
- Rewards are only significant for early comers, there's no way for late comers to catchup. In addition;
- If you're a late comer your chances of value retention on your tokens is poor. You can lose so much more from token price drop compared to the rewards. OHM tried to at least make sure even late comers would recoup even the initial investment. Though they did not follow up on that when the price fell to the backed price earlier this year.

Most people just love the idea of something, even if the mechanisms put in place aren't enough to deliver on a promise, they overlook the reality of the numbers. The perception of reality is more important than the reality itself, which is what happens in crypto all the time. A project with just 3% taxes promises to curb price drop using buy backs and people hype it like its most sustainable model ever? Another comes with taxes that change automatically based on buy and sell pressure and its sustainable forever? Infinite sustainability using 3% tax as the only source of income for your meme project simply won't cut it. It shows you're in for the short-term hype when the basic math clearly show that it will fall short of delivering, and the project will just dump like all other projects and hurt investors.

A sufficient solution should also have serious numbers to do as much as possible. That's how you follow up on promises.

In addition, using one key mechanism wont solve anything. You have a better shot of achieved your goals as a project by using carefully structured supporting pillars in the project. Everything should be brewed and stitched up to work in unison to achieve 1 goal.

In addition to issues our approach we are solving a few things,

1. Value leakage. The best way to defend token price is by trapping value, esp in the liquidity pool.
2. Sell pressure. The only way to remove selling pressure directly in the liquidity pool is to have discouraging sell taxes. High sell taxes that are then are used for buy backs and token burns.

The {3,3} game theory works when everyone is rational and doesn't sell, but it doesn't hold as we don't all think alike. The best option is to put in place mechanisms that force people not to sell.

3. Diluting the liquidity pool by liquidating fee tokens in there. Simply defeats the whole point.
4. Unpredictability. Planning for success is difficult without targets, and with unpredictable forces in play its hard to even make solid targets.
5. Unbalanced deployment of funds between treasury and buy backs.
6. Native liquidity unlocks. Limited liquidity unlocking methods to not empower the token holders. Each project should have the ability to unlock liquidity as minimum standard. Project economies are supposed to be structure in a way that gives me power, not rely on third parties to give me power the project itself can't. If the project you invested in is known enough, you'd be lucky that's the tokens are accepted as collateral to get a loan. But imagine if within the project itself a lending market is unlocked
7. A passive community that's just treated as an audience with no input. There are plenty roles to play.
8. Limited income streams.
9. Neglected late comers.
10. The curse of the crypto nomads, who quick flip from project to project, sucking life out of even the good ones before they achieve their goals.

What are we looking to introduce:

1. High sell taxes to trap value within. Time locks are replaced by periodical high sell taxes, we believe they achieve the goal of creating a sell pressure bottleneck better than locking tokens does.
2. One above means, we introduce a controlled mechanism to relieve sell pressure in controlled batches, fairly.
3. Parallel liquidity market places. Multiple liquidity unlocking methods that minimize damage to the liquidity pool. Having limited low sell pressure days & limited sellers per period. Having a parallel market place for token ownership transfer. Having a leasing platform where you can lease out your stake in the project to unlock side liquidity.
4. Rebasing is replaced by simple buy backs. Since sells are discouraged, expecting low volume, then the buybacks can be felt. Why not use time locking and rebase mechanisms? Complicated for most people to understand and defi is aiming to enter the masses not the few intellectuals. Rebasing is an overly complicated solution to a self-imposed problem of emissions as incentives.
5. Liquidate tokens through buys instead of sells.
6. Rebalancing wallet, instead of fixed tax flows. It's not always the best time to prioritise buybacks (when no one is selling), nor is it always the best time to prioritize growing the farming wallets (when selling pressure is high).
7. Make the community the real players in controlling the project health. Through polls and automated checks, the community should base their allocation of revenues on fundamental trade data.
8. Give late comers, and the project, recurring opportunities to earn. Late comers need investment opportunities similar to what the early comers got, we cant restart the project each time, but we can make time limited variants of the main contract or other interesting ideas drummed up by the community. Until they catch up.

Our goal is to find a simplified and balanced implementation that solves the issues addressed above. In doing so, we are more inclined towards building something that's more like MCC, but with the fundamental benefits of OHM forks – retaining value no matter your entry point, whilst letting go of the overly complicated mechanisms which most main stream investors don't fully understand.

Most projects die off before the initial investment adds up to a significant amount, through rewards or farming dividends or reflections.

As a late comer in MCC forks for instance, you run the risk that your initial investment declines in value, whilst earning negligible dividends. As opposed to the advertised reasonable passive income that would sustain you through crypto winter.

OHM Return on investment

For new comers: buying and staking OHM plays out like this: if you bought OHM in June at 100 USD, on token ROI alone you could have 32X have investment, not to mention the staking rewards.

For late comers: buying and staking, total returns play out like this: infinity years for emissions to amount to initial investment (OHM isn't supposed to serve this speculative purpose, but by giving holders the ability to market price it at DAI price + premium, they have confirmed it can be used for speculative trading. And that helps the actual fundamentals of the project to make profit as to them, 1 OHM = 1 DAI = 1 USD, hence if the price of OHM is 1000, the actual profit to the DAO technically is 999 right in the treasury). You cant expect fast ROI on your tokens if you bought in late with a small stake in the project.

MCC Return on Investment

For new comers, buying and holding MCC plays out like this: The ROI has been over a 100X if you bought soon after the stealth fair launch. Because MCC is a reflections project, and the share of dividends depend on what % of the supply you hold. Now if you bought early, you have a huge percentage of the supply, in turn the reflections you earned are like this: if trading volume is 1 million usd, and the reflection tax is 10% and you own 1% of the supply, that means you get:

1000000 * 10/100 *1/100 = 1000 usd per day in reflections. If this lasts for 2 months, that's 60K in passive income alone. Then for the Faas earnings, you own a piece of the treasury, 1%. If the treasury is 10 million, you own 100k of it. But in dividends, you will get 10k for the 1 million yield farming profit to be distributed. Now this is impressive.

For late comers, it's a lose lose. First of all you're buying the top. Secondly, you are getting a smaller fraction of the circulating supply if you buy at high prices. That means the reflections you get are negligible. Not to mention a declining token price. Your $1000 can easily turn to $102, with the $2 coming from reflections.

A seesaw

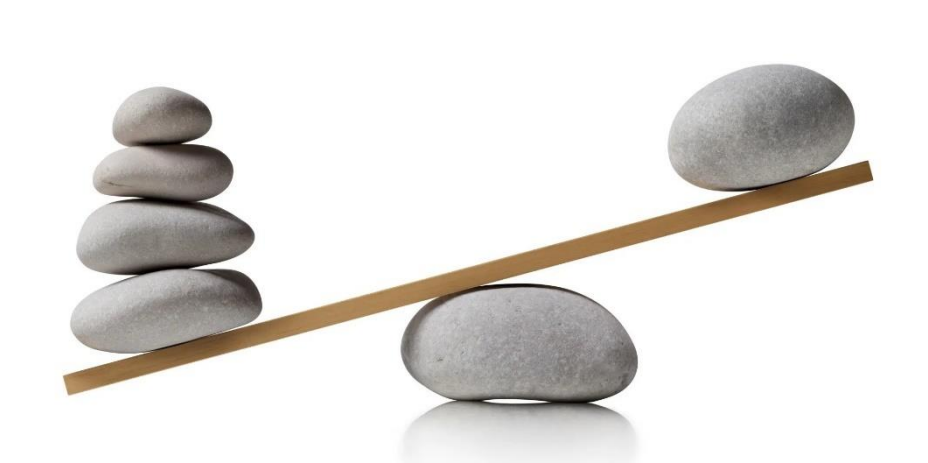


Figure 2 - size of rewards earned VS token ROI. Compromise one to gain the other. In crypto Wealth is never derived from nothing, but is simply transferred. Unless you work at Te....

A balanced project knows to balance all sides. A healthy self-preserving project protects both the initial investment, and the future rewards' runway.

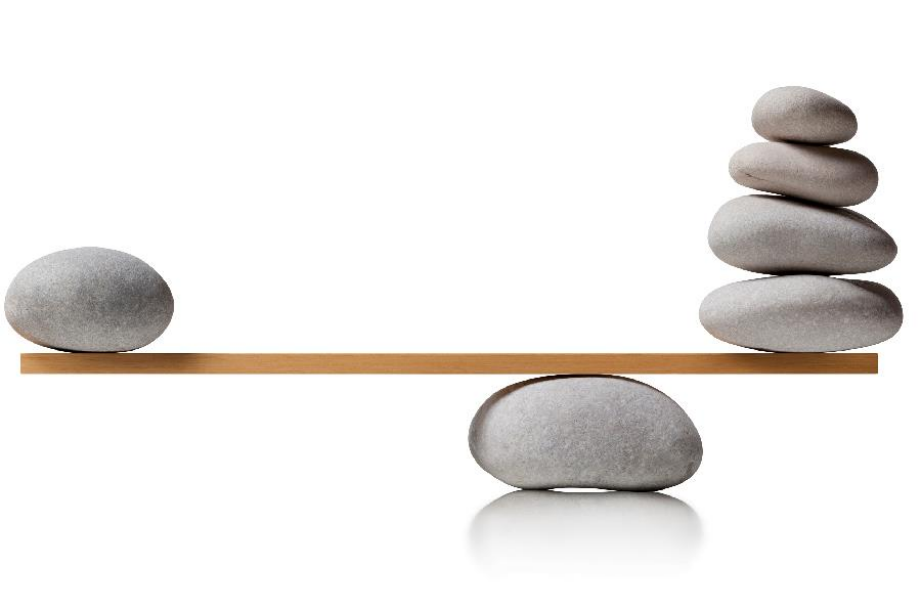
A back story. Treasury wallets aren't fat enough to distribute significant rewards to every holder. Especially the late comers. I was late to MCC, invested 5k weeks after it launched, but in 2 weeks i earned reflections + rewards worth $10 dollars in total, yet the value of my tokens fell by over a thousand during that period. I don't care how much you support MCC but this is simply not worth the risk for late comer, and yet you need late comers to grow a project, what value maintaining mechanism do we use to entice them? Yet it's the little guy that comes to the party late that keeps it going for everyone else, there has to be a way to make it worth it.

We try rebalance the seesaw to remove the element of absolute choice, between size of rewards and token ROI. An either or scenario, where one benefits at the expense of the other. Can we keep ROI high whilst also making sure the growth of the treasury wallet is on the front foot? If we focus on building a large farming treasury wallet alone, we screw up the market cap. If we focus on the market cap alone, we lose out on long term earnings whilst the market is in a bear cycle.

For the first time in crypto, we are in a phase where treasuries are there to make sure the holder earns, no matter what comes. They aren't there for research, or development, or partnerships, or rewarding the team, or focusing on adoption: just earning the holder something.

So the goal is to find a balance between growing the treasury whilst maintaining token value. In summary late comers need to be protected against the consequences of buying at the top. Secondly, we want to make sure the treasury rewards are significant.

Conceptualising Solutions:



assumptions: worst case scenario is selling at 90% sell tax. Best case would be 10% sell tax on a specific day each month, but that ultimately makes the outcomes better than those in this report.

At the centre of our solution is a rebalancing wallet

Which receives the fees collected, but based on buying and selling pressure, it allocates the funds either to treasury, or to buy backs.

a. When the selling pressure is high, the priority is to squeeze as much value as possible from the sellers and channel it back into the liquidity pool. When sell pressure is high its good news to holders in regards to the allocation of the treasury wallet they own: Less holders equals a larger ownership of the treasury wallet, and in addition, higher dividends from farming profits. But its bad news for token ROI as the liquidity pool is being inflated with GUN tokens, in this case our rebalancing wallet prioritises buy backs.

b. On the other hand, when sell pressure is minimalistic, that means a lot of people are looking for the dividends from the treasury wallet, many mouths to feed, yet each one should get significant dividend. To counter this pressure, we prioritise boosting the treasury wallet.

What triggers the rebalancing wallet is a measure of Net Value Lost from the project, in eth.

Treasury.

Build a super-sized treasury to attain super-sized profits from farming. In the first place, when buying the GUN tokens, there's a 15% tax, 10% goes to treasury wallet whilst 5% goes to reflections. Secondly, to super charge it, on unscheduled sells we collect a 90% sell tax. Buying back the eth lost is highly effective under these circumstances, the taxes dwarf the eth lost from LP. We have to assume that the treasury grows more from buy taxes collected from new buyers, than from people willing to be taxed a 90% sell tax just to get out. So our priority is to keep the buy transactions coming. GUN tokens are given market demand by Saloon contracts. Since you need GUN tokens to be able to participate in saloon contracts. Let's take a dive into the concept of saloon contracts.

> Saloon contracts are what makes our ever growing and money generating enterprise, month after month. $GUN tokens allow you access to new income generating contracts, saloon contracts. These only last a month, and each has its own taxing and reward system and rules of play. They have the attraction of recycling the explosive growth potential of every early good taxing project out there, since the life span is only a month. They give new holders the feeling that "though I missed the stealth launch of the main contract, the saloon contracts will allow me the opportunity to make up for it."

To wrap up treasury, remember that you own a percentage of the treasury as long as you hold tokens, so each sell that we squeeze value from comes right back to you even if the value of your tokens has declined. This is just the growth of wallet from taxes, before we factor in earnings from farming.

Buy Backs.

Now to conceptualise securing the ROI for each holder. Its' taboo tokenomics, but 90% tax creates a **sell pressure bottleneck**. Meaning from your $1000 dollars' worth of tokens you receive $100, and $900 goes to the rebalancing wallet for buy backs. With a **net value outflow** of 10%. This will discourage selling and encourage holding, until opportune selling times open up, which only happens once a month on Russian Roulette Day. People are discouraged from selling when the tax is 90%, but of those who do sell, the buy back is significant to cover up the dip. It would have been insignificant to keep the market cap up if sell tax was zero and everyone could just sell when they want.

For investors who buy the top, an increase of tokens in the liquidity pool is inflation, a loss in eth value for these tokens. With our buy backs, we are tapping sells and funnelling their value back into the project, reducing tokens from liquidity pool to counter inflation.

Staking

As mentioned when drawing lessons from OHM. Staking still works, but the high yields are not sustainable, they will never remain this lucrative. Instead, staking could give you some sort of access to cash in on another form of value, not just rewards. Promising high yields is just adding pressure on yourself, regardless of it being calculated.

So in order to take out tokens from the sidelines, that could easily add to sell pressure, we encourage users to stake but for a differed low sell tax, 6 months away. This also increases the chances of listing for a low sell tax, ultimately the choice is the investors to leave it to chance or to have certainty by staking for 6 months.

Share Leasing:

You can lease out your holdings to become liquid. This allows you to keep your holdings positions locked, and your share of the liquidity pool locked.

You can then go on to invest the lease funds as you wish. Afterwards you can come back at the end of the lease to repay the amount unlocked and have tokens returned to you.

Lease rules:

- Lessor deposits 1 billion GUN tokens worth $100,000 in lease smart contract. Stating how much they need for liquidity: it can be full amount or partial, in this case lessor needs $60,000 for 2 weeks.
- Lessee sees the listing and deposits $60,000 USDC to take it up.
- Lessor has now lost reward rights to the lessee for the duration of the lease.
- Lessee is getting the same rewards for the 2 weeks for nearly half the cost. The GUN tokens are not transferred to Lessee, only the rewards are airdropped. At the end of the lease, lessor simply needs to deposit back the expected USDC amount of $60,000 and the 1 billion GUN tokens are returned.

Discounts on liquidating tokens

As mentioned before again, discounts can be used as an incentive for investors to help in key utility functions. We already mentioned how the flaws for some project include liquidating fee tokens in the LP. So we want to use discounts as incentive to liquidate tokens, when they buy tokens. This obviously has to happen outside of the liquidity pool. Fee tokens are collected on the contract, so to liquidate when buying means buying from the contract first is they are available. W make a buy function that first checks if your buy amount can be covered by fee tokens available. If not, then it gives the buyer what it has, then proceeds to topup the difference for the eth left in the buy Tx, from the liquidity pool. But this has to be one seamless transaction, in which the buyer doesn't notice.

In order to structure an improved version of a system, you don't need to duplicate the exact mechanisms used to build it. You need to just structure pillars that work together, achieving the same goals. You need to emulate the same purpose they serve only and simplify the whole implementation, chop off the excess fat. We have a lot to learn from OHM and MCC.

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We all still need that stability of investing in projects with sustainable tokenomics. What are you willing to fore gore to get it? Patience is needed regardless. We will introduce a different kind.