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# White Paper - SMOKE.NETWORK

Prepared for: Community.

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# CONTENTS

<b>I.</b>	<b>ABSTRACT</b>	<b>5</b>
<b>II.</b>	<b>INTRODUCTION</b>	<b>6</b>
<b>III.</b>	<b>ABOUT THE PROJECT</b>	<b>8</b>
	How did Smoke.Network Begin?	8
	Our Current User Base	10
<b>IV.</b>	<b>THE DECENTRALIZED APPLICATION (DAPP)</b>	<b>11</b>
	A Familiar User Experience (UX)	11
	A Foundation For A Cannabis Database	11
	Target Users	12
<b>V.</b>	<b>INFRASTRUCTURE</b>	<b>13</b>
	Why We Built On The EOS Blockchain	13
	Technical Motivation	13
	Smoke.Network Design	14
<b>VI.</b>	<b>WAYS TO CONTRIBUTE</b>	<b>16</b>
	Capital Contributions	16
	Smoke Cryptocurrency (SMOKE)	16
	Vesting Smoke - Smoke Power (SP)	16



<b>VII. TOKEN DISTRIBUTION</b>	<b>18</b>
<b>Distributing New Tokens</b>	<b>18</b>
<b>Voting On Distribution</b>	<b>19</b>
<b>Limited Voting</b>	<b>19</b>
<b>Payouts</b>	<b>19</b>
<b>IIIX. ALLOCATION AND SUPPLY</b>	<b>20</b>
<b>Rewards Distribution</b>	<b>20</b>
<b>IX. THE MAIN BLOCKCHAIN BENEFIT EXPLAINED</b>	<b>21</b>
<b>Censorship Resistant Network</b>	<b>21</b>
<b>X. CONCLUSION</b>	<b>22</b>



## I. ABSTRACT

Smoke.Network is an incentivized, distributed social media application for the cannabis community, that rewards users in cryptocurrency for reviewing strains, interacting, creating content and engaging others. The rewards are self funding and the application is completely decentralized and owned by the users with an incentive to grow the network together.

Users are able to post images, review strains, share stories as well as up vote, follow and curate others content via a simple up vote or flag system. Users are pseudo anonymous and reputation is based on social trust. Rewards are issued to users who make a subjective contribution to the community.

Unlike other popular social networks, Smoke.Network is not controlled by a central authority. There is no single person that can modify the applications rules or governance, or censor any user/s from accessing the application. The network is instead owned by all users and token holders in a distributed manner.



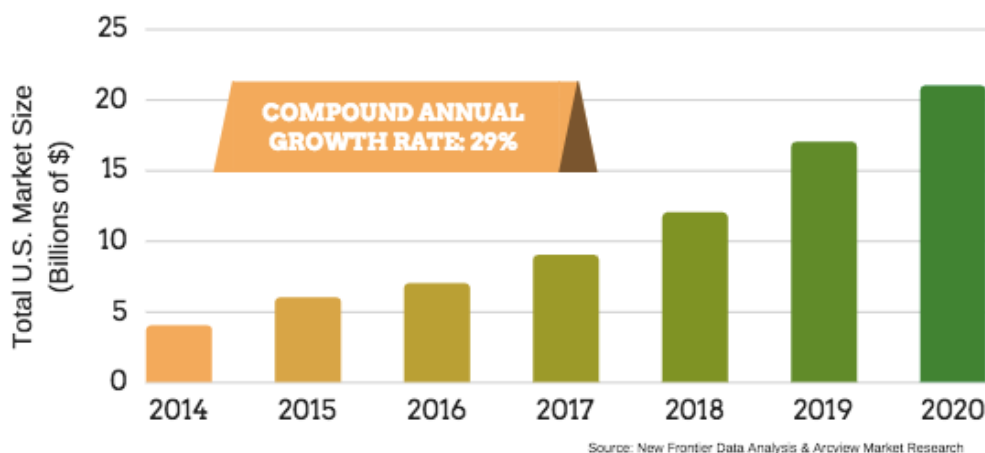


## II. INTRODUCTION

Currently, user generated content companies such as Facebook and Instagram have allowed large communities to interact, and share their love for cannabis. These platforms, though, are controlled by central authorities that manage the networks rules and content flow, usually resulting in legal cannabis users and businesses being censored or kicked off the platform [The Cannabist Co. 2016].

420Smokers.us was started when cryptocurrency and decentralized applications where still a relatively new concept, and any blockchain with enough transactions per second to pull off a decentralized social network did not exist. Since then we have grown our fan base to over 500 000 passionate cannabis users and blockchain technology has evolved to allow our vision to come to reality.

In 2016 Steem was launched and distributed \$1.3 million dollars to its users [Bitcoin .com News], only months after launching. We expect similar growth within the cannabis niche due to restraints on cannabis content creators as well as the estimated compound annual growth rate of 16% [New Frontier Data] within the legal cannabis industry.





Some key principles Smoke.Network is build on is:

1. Everyone who contributes to a venture should receive pro-rate ownership or payment.
2. All forms of capital are equally valuable. (I.E. Your time is just as valuable as cash.)
3. The community will produce products to server its members, incentivized to grow their own wealth by growing the networks value.

We live in an attention based economy, and as such it is largely unfair we do not get rewarded for our contributions to existing social networks, while founders cash out billions [Market Watch]. Any contribution or third party products built on these networks have to find alternative means of revenue to monetize their applications such as through ads controlled by the networks [Facebook Developers].

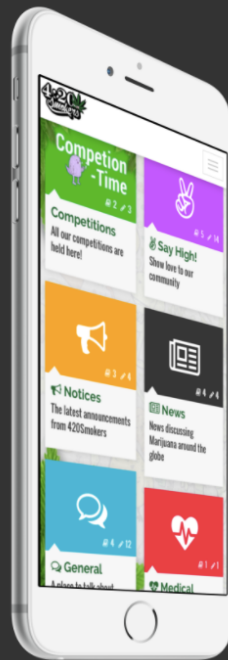




### III. ABOUT THE PROJECT

#### **How Did Smoke.Network Begin?**

Smoke.Network began as a proof of concept for rewarding cannabis users for engaging and reviewing cannabis strains. The platform was originally implemented as a NodeBB forum on a subdomain of [420smokers.us](https://420smokers.us) , where we used a gamification system to reward users.



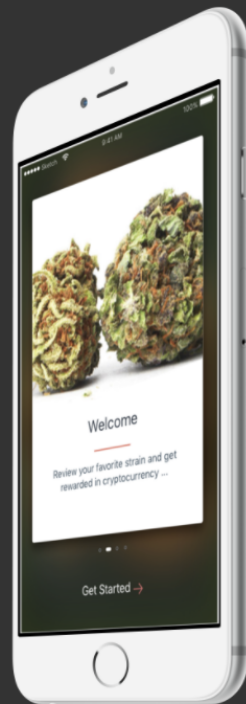
In 2016, after 2000 signups and an engaged community, we shut down the forum and started focusing on our review site and social groups, growing them to over half a million active fans and engaged readers.





After getting the site and community to a self sustaining rate of growth we started working on the concept for a decentralized social network, based on the EOS technology [EOS Software By Block.One].

A UX prototype was then built, that was based off the mechanics of steemit.com with an economy driven off social interaction and a cryptocurrency rewards system.



We then built an alpha version of the application, that is running on the Steem blockchain and rewards users in Steem for their posts. The demo is running and has received great reviews from the wider community.



The next implementation [Scheduled due date: Q1 2018 ,[see roadmap](#)] will include a running decentralized app on the [EOS test-net](#) with a web app to access to the application. Users will be able to post images, reviews and blog post. Curators will be able to up vote and flag contributions.

Following the initial test net application, we will begin building additional functionality such as geo location dispensary reviews and the strain database into the Alpha.

Once the application is launched on the EOS main-net, contributors will be able to earn and cash out the cryptocurrency, Smoke, and exchange it for other blockchain based coins through an exchange.

### **Our Current User Base**

The team behind Smoke.Network is an [innovative news and media company](#) [420Smokers.us] based in Germany. Most of the application development is implemented in Europe with experienced consultants, content creators and experts located worldwide.

Our purpose is to provide a comprehensive eco-system built around cannabis education, legalization and entertainment.

420Smokers.us manages to reach well over 100.000 readers a month with over [450 000 social users](#). On track to grow by 200% in 2017, 420Smokers is becoming an authority in the cannabis niche. Being well attuned to the wants and needs of real world stoners, we feel capable of driving adoption of Smoke.Network beyond the scope of speculators and crypto traders.



## IV. THE DECENTRALIZED APPLICATION (DAPP)

### **A Familiar User Interface (UX)**

The Smoke.Network app was built for users in mind, that do not necessarily understand how crypto currencies work. The familiar on boarding experience borrowed from apps such as Instagram and Medium go along way in allowing the user to sign up and use the app freely, without the need for unwanted ads or paying any premium fee to use any features.

Users are able to post, review and communicate with their friends while earning a cryptocurrency they can later cash out, or use to gain more influence on the platform.

### **The Foundation For A Cannabis Database**

We plan to add more advanced features such as geo locating and reviewing dispensaries as well as building a database of cannabis strains. The value proposition for other developers in the cannabis space is that they can tap into a growing cannabis network that is self funding and has no central authority. Users and developers are incentivized to actively grow the network through the cryptocurrency rewards.

Because Smoke.Network runs on the EOS blockchain, the application will be free of the burdens of cost payments or latency.

For services to be provided for the Smoke.Network community it is a simple case of using the EOS software to communicate with the nodes running the application.

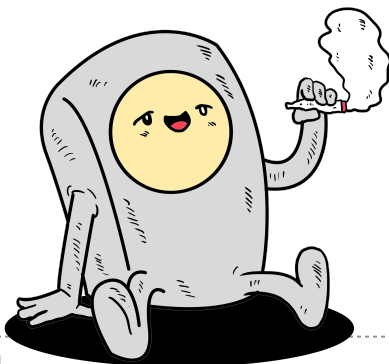


## Target Users

The target for Smoke.Network users is split into 3 groups. Namely cannabis users, those that want to earn on the platform (no matter what niche it may be in), and investors.

- Cannabis users mainly want a censorship resistant platform that rewards them for reviewing strains, dispensaries and interacting rather than selling their private information to advertisers. North American marijuana sales alone grew by an unprecedented 30% in 2016 to \$6.7 billion [Arcview Market Research].
- Those that just want to earn money on the platform are most likely freelance bloggers and photographers that may not necessarily use cannabis. It took roughly 3 months for Instagram to go from 150 million daily users in January to 200 million [Business Insider] in April of this year.
- Investors are those that purchase Smoke tokens expecting a positive ROI on their investment. More than \$1.2 billion in cryptocurrency was raised through ICOs in the first half of 2017 [Token Mania].

We believe we can tap into each of these markets and align all three target users so that the outcome is net positive for all investors and users.





## V. INFRASTRUCTURE

### Why We Built On The EOS Blockchain

Smoke.Network will operate on the EOS blockchain, currently in development, as a decentralized application. The EOS blockchain promises [EOS Documentation] an easy environment to run decentralized applications that can scale to millions of users, can handle thousands of transactions per second as well as second tier benefits such as account recovery, free transactions for users, upgradable contract ability, bug recovery and an account name system.

Decentralized application on EOS represent contracts whose terms are recorded in a computer language; they can be automatically processed by computer systems. It is economically viable to form these contracts, as there are low contracting, enforceable and have low compliance costs.

#### Scalable

- Support 1000s of commercial scale DAPPs
- Parallel execution
- Asynchronous communication
- Separation of authentication from action

#### Governance

- Elected block producers
- Legally binding constitution
- Dispute resolution
- Self funded community benefit apps

#### Flexible

- Freeze and fix broken applications
- Publish source code not assembly
- Generalized role-based permissions
- Multiple virtual machines (Wren & Web assembly)

#### Usable

- Web toolkit for interface development
- Self describing interfaces
- Self describing database schemas
- Declarative permission scheme





## Technical Motivation

EOS is a public blockchain-based distributed computing platform, featuring smart contract functionality and scalability with near zero fees.

We see three main approaches for building advanced applications on top of cryptocurrency:

- building a new blockchain.
- using scripting on top of an existing blockchain.

Building a new blockchain allows unlimited freedom in building a feature set. Still, there is a considerable security risk with new blockchains; for example, if there aren't enough miners in the very beginning, the network is vulnerable to a 51% attack [Bitcoin.org], or if there is not enough compute or data storage the network would become backlogged.

	Bitcoin	Ethereum	EOS
Annual Network Costs	<ul style="list-style-type: none"><li>• 4%</li><li>• Spent on Electricity</li></ul>	<ul style="list-style-type: none"><li>• 11%</li><li>• Spent on Electricity</li></ul>	<ul style="list-style-type: none"><li>• 5%</li><li>• Spent on Network Growth</li></ul>
Latency (1 confirmation)	<ul style="list-style-type: none"><li>• 5 to 40m</li></ul>	<ul style="list-style-type: none"><li>• 5 to 40s</li></ul>	<ul style="list-style-type: none"><li>• 1.5s</li></ul>
Irreversible (99%)	<ul style="list-style-type: none"><li>• 1 h</li></ul>	<ul style="list-style-type: none"><li>• 3 m</li></ul>	<ul style="list-style-type: none"><li>• 4.5s</li></ul>
Irreversible (100%)	<ul style="list-style-type: none"><li>• 1 day</li></ul>	<ul style="list-style-type: none"><li>• 1 hr</li></ul>	<ul style="list-style-type: none"><li>• 40 sec</li></ul>
Total Bandwidth	<ul style="list-style-type: none"><li>• 4 TPS</li></ul>	<ul style="list-style-type: none"><li>• 10 TPS</li></ul>	<ul style="list-style-type: none"><li>• 300K+ TPS</li></ul>
Sequential Bandwidth	<ul style="list-style-type: none"><li>• 4 TPS</li></ul>	<ul style="list-style-type: none"><li>• 10 TPS</li></ul>	<ul style="list-style-type: none"><li>• 3000+ TPS</li></ul>
Relevant Producers	<ul style="list-style-type: none"><li>• 3 / 5 (pools)</li></ul>	<ul style="list-style-type: none"><li>• 3 / 5 (pools)</li></ul>	<ul style="list-style-type: none"><li>• 14/21</li></ul>
Dapps	None	Prototype	Production
Foundation Smart Contracts	No Official	1 Limited Income	Multiple Self-funding



## Smoke.Network Design

By using EOS as the abstract foundational layer, we are able to implement all the features and rules on Smoke.Network directly into the smart contract, while allowing EOS to handle complex computations such as accounts, recovery and blockchain scalability issues. Smart contracts on EOS are deployed and processed by the EOS network. By using the EOS infrastructure with the purpose of validating transactions, accounts, and providing compute, we minimize any possible failure of the network.

EOS allows for:

- Built-in smart contract compilation, linking, deployment and binary management
- Configurable build pipeline with support for custom build processes.
- Network management for deploying to many public & private networks.
- Deploying decentralized applications on the blockchain.
- Managing accounts, transactions, data storage and compute.

The communication between the EOS blockchain and the web-applications is managed using the EOS software API. The frontend application is implemented using React [ReactJS]. This application is located on a different server and communicates with the Intermediate Layer using Web Sockets and a REST API. Anyone will be able to build a front-end application calling from the nodes running our application on the EOS blockchain using standard web technologies [W3C].



## VI. WAYS TO CONTRIBUTE

### Capital Contributions

In the Smoke.Network community capital is offered in return for ownership in the network. Those who purchase ownership profit from the communities growth and rewards. Capital contributions are an important part of a valuable growing economy and the value of Smoke Tokens (SMOKE).

There are two ways ownership can be held, namely: Liquid Smoke and Vesting Smoke. Vesting Smoke cannot be sold for a period of time, but allows voting rights in the reward system.

The Smoke.Network refers to these assets as Smoke Tokens (SMOKE) and Smoke Power (SP)

### Smoke Cryptocurrency (SMOKE)

Smoke Tokens are the primary token of the Smoke.Network. Capital contributions to the Smoke.Network will come from those buying SMOKE. To exit the network users will be able to sell SMOKE on an exchange or store them on an external EOS wallet. Users can convert SMOKE to SP at any time to gain more influence. SMOKE are never destroyed but locked in a separate contract upon conversion.





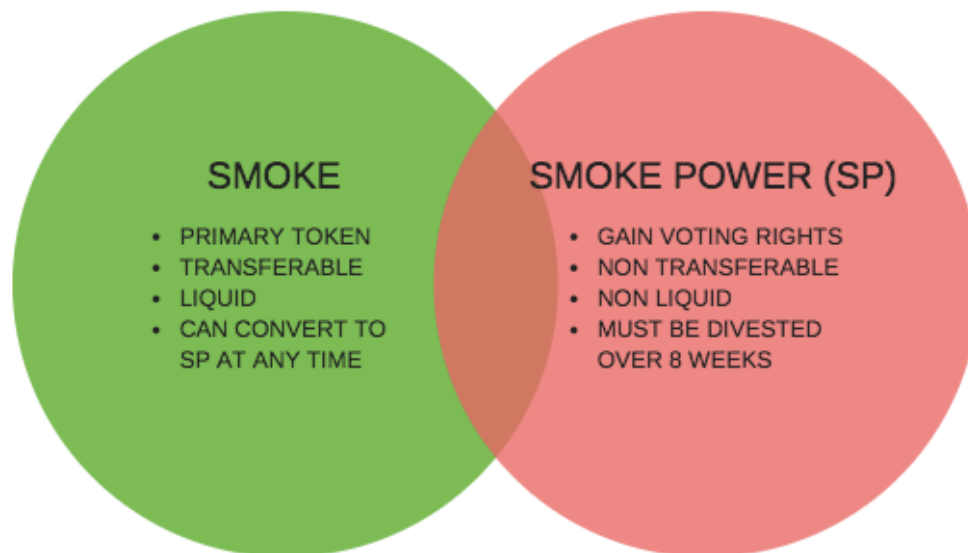


## **Vesting Smoke - Smoke Power (SP)**

To encourage long term participation SP is non-transferrable and can not be traded on exchanges. SP is required for voting on posts, images and reviews but is not required for using the application.

To incentivize participants to grow the network and vote for long term prosperity over the network, those who contribute capital should not be able to exit as new capital is entering the ecosystem, thus SP can only be converted back to SMOKE over 8 weeks via 8 equal payments.

Users and Investors are equally incentivized to vest their SMOKE in SP over the long term to gain voting rights on the platform.





## VII. DISTRIBUTION

### **Distributing New Tokens**

Cryptocurrency is largely distributed via either proof of work or via an ICO. In these systems users either provide some proof of work [Wikipedia] or another currency is used to sell the tokens to the community.

Distribution is challenging for a cryptocurrency token as the work must be provably value while not requiring trusted third parties to validate it.

Bitcoin uses a algorithm [Bitcoin Mining] to determine and limit the rate at which new coins are produced. Bitcoin miners use massive amounts of electricity [Motherboard] and build large infrastructure to supply the proof of work needed to claim new Bitcoins. This work is largely going to waste.

For a decentralized social network it is essential that the work provided is fair relative to the rewards, the distribution as decentralized as possible and the voting weight equivalent to the amount of capital invested.

To accomplish this we mimic the mechanics of cryptocurrencies such as Bitcoin by having a set reward per day regardless of the amount of work done. This allows the network to fund the rewards pool every day and reward work daily, regardless of the quantity. Instead of the waste on electricity and infrastructure the new supply of SMOKE will go directly to those that contribute to the network in a meaningful way.



## **Voting On Distribution**

Every day the Smoke.Network creates new SMOKE that are added to the rewards pool. Every user that has converted their SMOKE to SP casts votes daily on who contributed the best posts and the daily reward pool is divided up proportional to the total votes. The more SP a user has, the more influence they have over the reward distribution.

## **Limited Voting**

Users can only evaluate a certain amount of quality content per day and as such will be limited to a certain number of votes per day. This will somewhat negate bots and negative behavior.

## **Payouts**

When a user receives a payout for a post that has been up voted, they receive the SMOKE rewards in vested SP only. This ensures users and investors cannot cash out or cause quick pump and dumps in the market. If users would like to cash out they will have to convert SP to SMOKE via the divesting schedule.





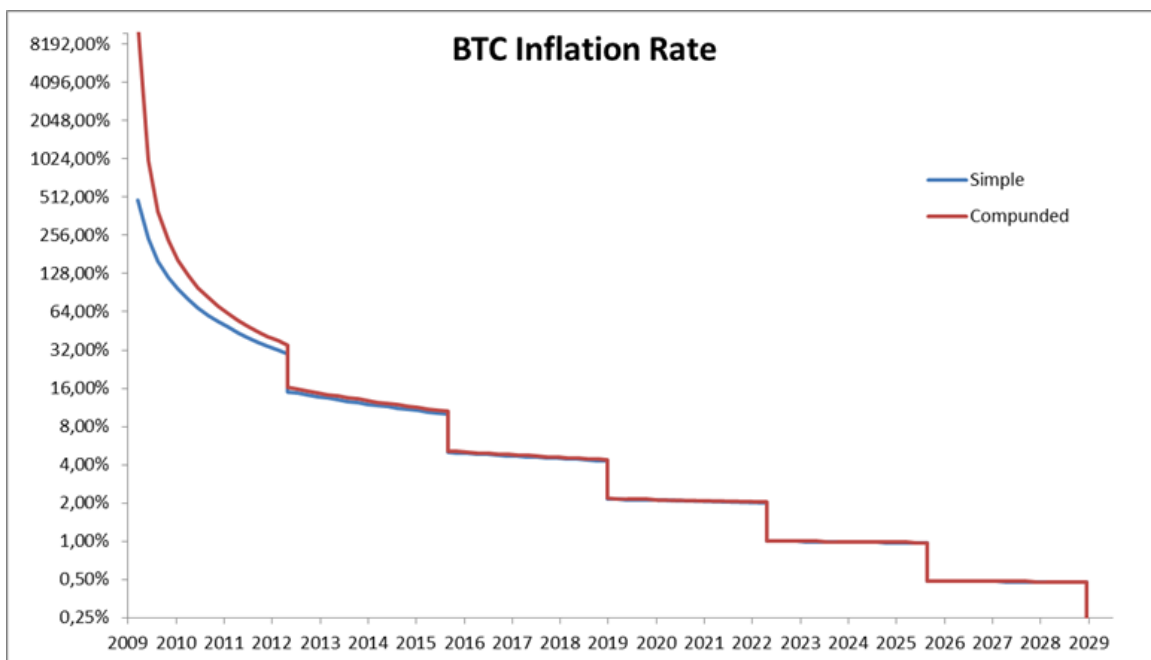
## IIX. ALLOCATION AND SUPPLY

The SMOKE initial supply starts with an Initial Coin Offering, allowing users and investors to contribute to the project and receive SMOKE tokens in return. Early contributors are rewarded if the network grows at a rate, faster than inflation.

### Rewards Distribution

Each day users will be rewarded SMOKE. The total number of SMOKE rewarded per day will be equal to 5% of the total SMOKE in existence per year divided by 365, giving SMOKE a yearly inflation rate of 5%. Bitcoin currently distributes over \$4million per day to miners [Blockchain Info] with a yearly inflation rate of just under 4%.

The inflation rate and rewards pool incentives users and investors to grow the network and vote on quality content.





## IX. THE MAIN BLOCKCHAIN BENEFIT EXPLAINED

The Smoke.Network is decentralized. In the Smoke.Network everyone that has a stake in the ownership has a say in where the new tokens go each day. This aligns the incentives to grow the network and reward the best content creators.

### **Censorship Resistant Network**

Current social media platforms such as Instagram and Facebook often close cannabis related accounts for no reason. Cannabis content can often be flagged and users can lose their groups consisting of thousands of followers. The current social media networks also make it extremely difficult for group admins to monetize their followers and will manipulate feeds so that users do not leave the network for any reason. These networks forget that the users content is why everyone is there in the first place.

Because Smoke.Network runs on the EOS blockchain anyone is free to post and view and content they wish, without censorship. Front end websites such as <http://smoke.network> may censor content that is not related to cannabis but theoretically anyone could broadcast anything off the blockchain they wish.



## X. CONCLUSION

Smoke.Network is an application based on the premise of Bitcoin, Steem and EOS. It allows for content creators to earn rewards according to their contribution while allowing those that invest a higher earning potential than those who do not.

