CENT: A Physical Penny Inspired Coin

Whitepaper v2.0

Abstract

CENT is a novel digital coin implementation that aims to achieve 1:1 parity with the US cent. For each CENT token, there are mechanisms in place to store one United States penny in a secure, continuously monitored vault. This approach is intended to combine transparent physical asset backing with the efficiency of digital transactions, creating a unique bridge between traditional and digital currency. That said, CENT is neither an official stablecoin or another type of regulated convertible virtual currency.

1. Introduction

The stablecoin market has traditionally relied on various backing mechanisms, including fiat deposits, treasury bills, and algorithmic solutions. CENT proposes a different approach by attempting to maintain a 1:1 backing with physical US pennies—at least, that is the target. We cannot, however, *guarantee* perpetual perfect alignment, or any alignment whatsoever, because that sort of promise opens a regulatory can of worms we'd rather avoid. But - come check out our penny vault camera or even better, swing by the vault in person to verify for yourself!

Important Note: This Is *Not* a Guaranteed 1:1 Stablecoin

We know "stablecoin" sounds comforting—like a cozy pillow of pennies. However, we must emphasize the following:

1. **No Ironclad Promise**: While CENT aspires to match pennies to tokens on a 1:1 basis, we cannot guarantee that each token will always and forever be backed by exactly one penny. Pennies can go missing, get lost in the sofa, or be commandeered by rogue zinc enthusiasts—anything can happen.

2. **Not Regulated**: We are not regulated or registered with FinCEN or any other federal or state regulator. CENT is a fun community experiment but not intended to be a method of payment or alternative for currency.

3. **No Legal Claims to Redemption**: Owning a CENT token does not legally entitle you to a direct redemption of exactly one physical penny at any time, in any place. Although that's our target arrangement, if you want a definitive, no-exceptions contract, well, you'd be reading a lot more fine print right now.

In short, by purchasing or holding a CENT, you acknowledge that while the CENT project may include storing physical pennies, it is possible, but perhaps not, that CENT may track the market price of $0.01 per token—but absolutely no promises. The best we can offer is good faith, a vault with a video camera, and a sincere hope that everything lines up.

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2. Technical Implementation

2.1 Blockchain Platform

CENT is implemented on the Solana blockchain, chosen for its:

- High throughput capabilities (65,000+ TPS)
- Low transaction costs (<$0.01)
- Robust smart contract functionality
- Established ecosystem and tooling

2.2 Token Implementation

We are implementing CENT as a custom SPL token (Solana Program Library) for several reasons:

- Complete control over minting and burning mechanisms
- Enhanced security through audited code
- Flexibility for future upgrades
- Direct integration with Solana's ecosystem

2.3 Smart Contract Architecture

The core smart contract will:

- Control token minting based on verified penny deposits
- Manage token burning for redemptions
- Implement security timeouts and emergency pause functionality

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3. Physical Infrastructure

3.1 Vault System

- Climate-controlled secure facility
- 24/7 livestream coverage
- Automated penny counting
- [Toy] Guardian Eagle Oversight

3.2 Penny Management

- Automated sorting and storage systems
- Regular maintenance to prevent degradation

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4. Transparency Mechanisms

4.1 Live Monitoring

- Public access to real-time vault livestream
- Automated penny counting updates
- Blockchain supply verification
- Regular attestation reports

4.2 Audit Framework

- Regular audits of physical pennies
- Continuous blockchain supply monitoring
- Public reporting of all minting and burning events
- Regular security assessments

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5. Operational Procedures

5.1 Minting Process

5.1.1 Direct Penny Delivery

1. User initiates minting request through web interface
2. Instructions provided for secure penny delivery
3. User personally delivers pennies to secure facility
4. Verified pennies are admitted to the vault
5. Smart contract mints equivalent CENT tokens
6. Tokens are transferred to user's wallet
7. Meme is posted, where possible

5.2 Redemption Process

1. User initiates redemption request
2. Smart contract burns CENT tokens
3. Physical pennies are removed from the vault
4. Pennies are distributed to the user in person
5. Transaction is recorded and publicly verified
6. Selfie is posted, where possible

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6. Risk Management

6.1 Security Measures

- Multi-signature requirements for critical operations
- Time-locked transactions for large movements
- Emergency pause functionality
- Regular security audits and penetration testing

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7. Legal and Regulatory Compliance

- All primary purchasers of CENT will go through KYC and eligible purchaser verifications

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8. Economic Model

8.1 Transparent Fee Structure

- Transaction fees to cover operational costs

8.2 Potential Over-collateralization

An additional reason why we cannot guarantee 1:1 parity with the US penny is that CENT tokens may benefit from possible theoretical over-collateralization due to the metallic value of their underlying penny backing. Each pre-1982 penny contains 95% copper and 5% zinc, while post-1982 pennies are 97.5% zinc and 2.5% copper. Based on current metal prices:

- **Pre-1982 pennies (3.11g of copper)**: Melt value approximately $0.0275 (275% of face value)
- **Post-1982 pennies (2.5g of zinc)**: Melt value approximately $0.0077 (77% of face value)

The CENT vault is likely to maintain a mix of both penny types

Note: Melting pennies is illegal in the United States.

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9. Things That Would Be Cool If Someone In The Community Wants To Raise Their Hand

- Integration with major DeFi protocols

- Enhanced automation of physical processes
- Exploring potential partnership with Schwab for an ETF- ticker: SCENT
- Preparation for society's transition to a meme-based economy

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10. Conclusion

CENT represents a unique approach to token implementation, combining the aspiration of physical backing with the efficiency of blockchain technology. Through transparent operations and robust security measures, CENT intends to create a fun bridge between the past and future.

Contact Information

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Legal Disclaimer

This whitepaper is for informational purposes only and does not constitute an offer to sell, or the solicitation of an offer to buy, any tokens. If and when any tokens are offered for sale, it will be done through definitive offering documents. Any references to "1:1 backing" or "stablecoin" are strictly aspirational in nature; CENT is not intended to be a method of payment or an alternative to fiat currency. You, dear reader, are advised to do your own diligence and decide if holding a digital token *loosely inspired by* a physical penny is right for you. Good luck, have fun, and always check your couch cushions.