

What is Loot NFT?



James Duchenne

Apr 25 · 3 min read

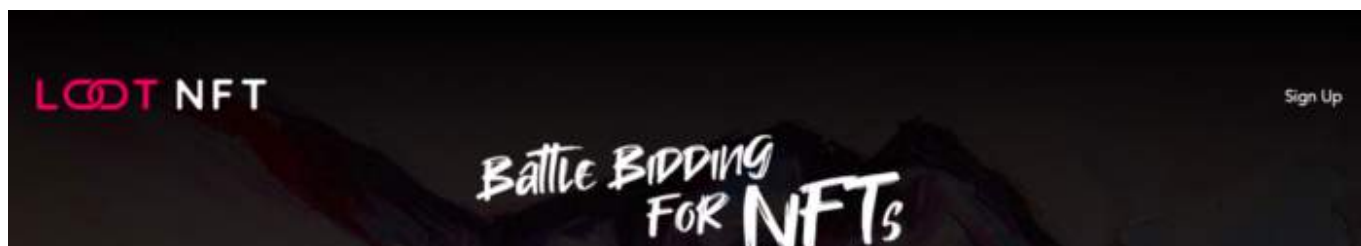


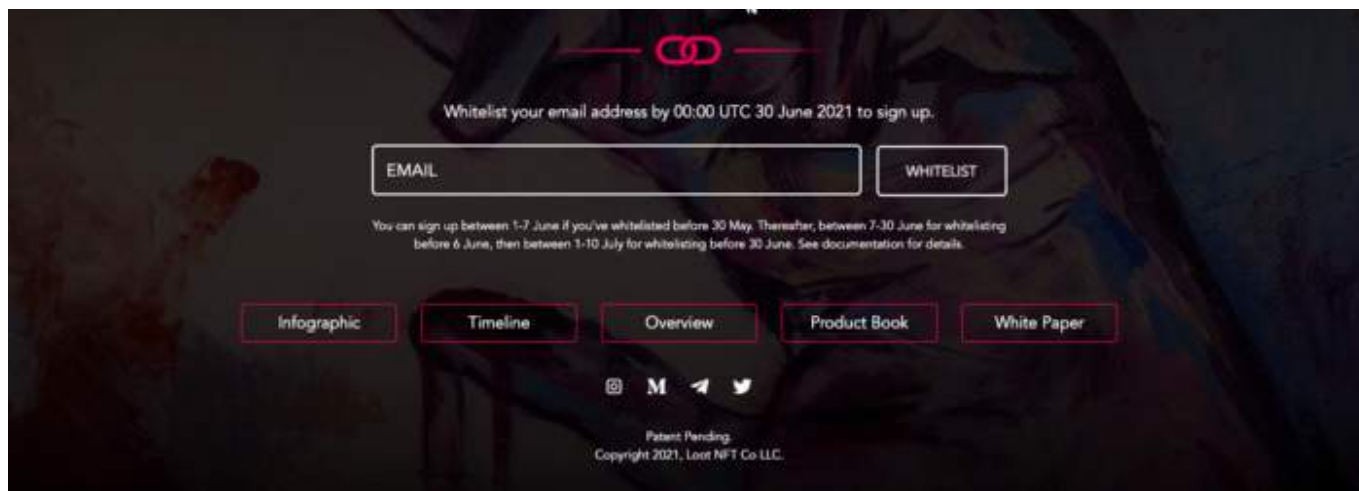
We're a gamified, patent pending, auction platform where members use BUNs, tokens of limited supply, to bid for NFTs.

Membership is by invitation only.

Anyone signing up to Loot NFT must first have their email address whitelisted before 30 June, 2021. Thereafter, a member must whitelist their invitee's email addresses for them to sign up.

To whitelist now go to lootnft.io.

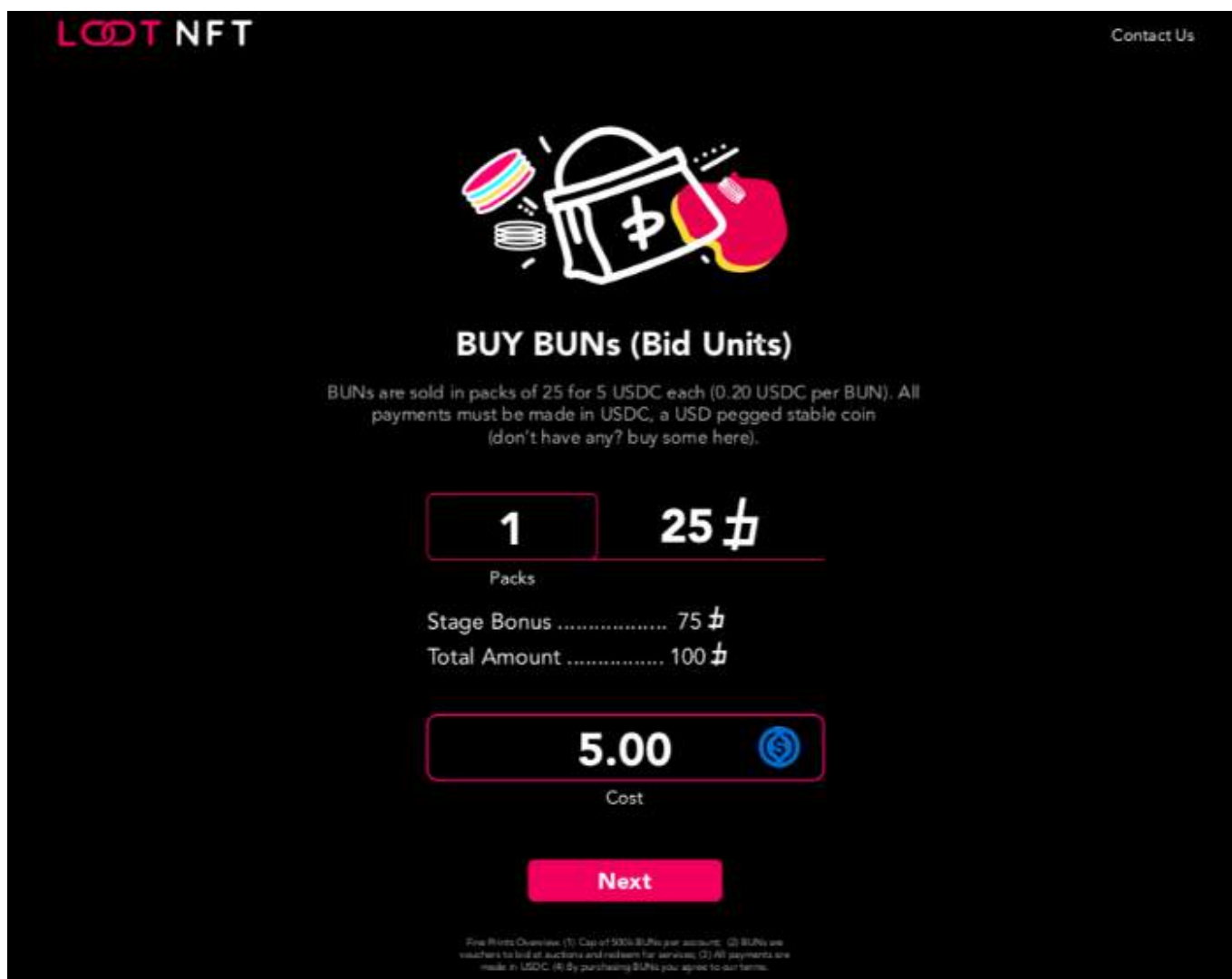




First whitelisting page as of 23 April 2021.

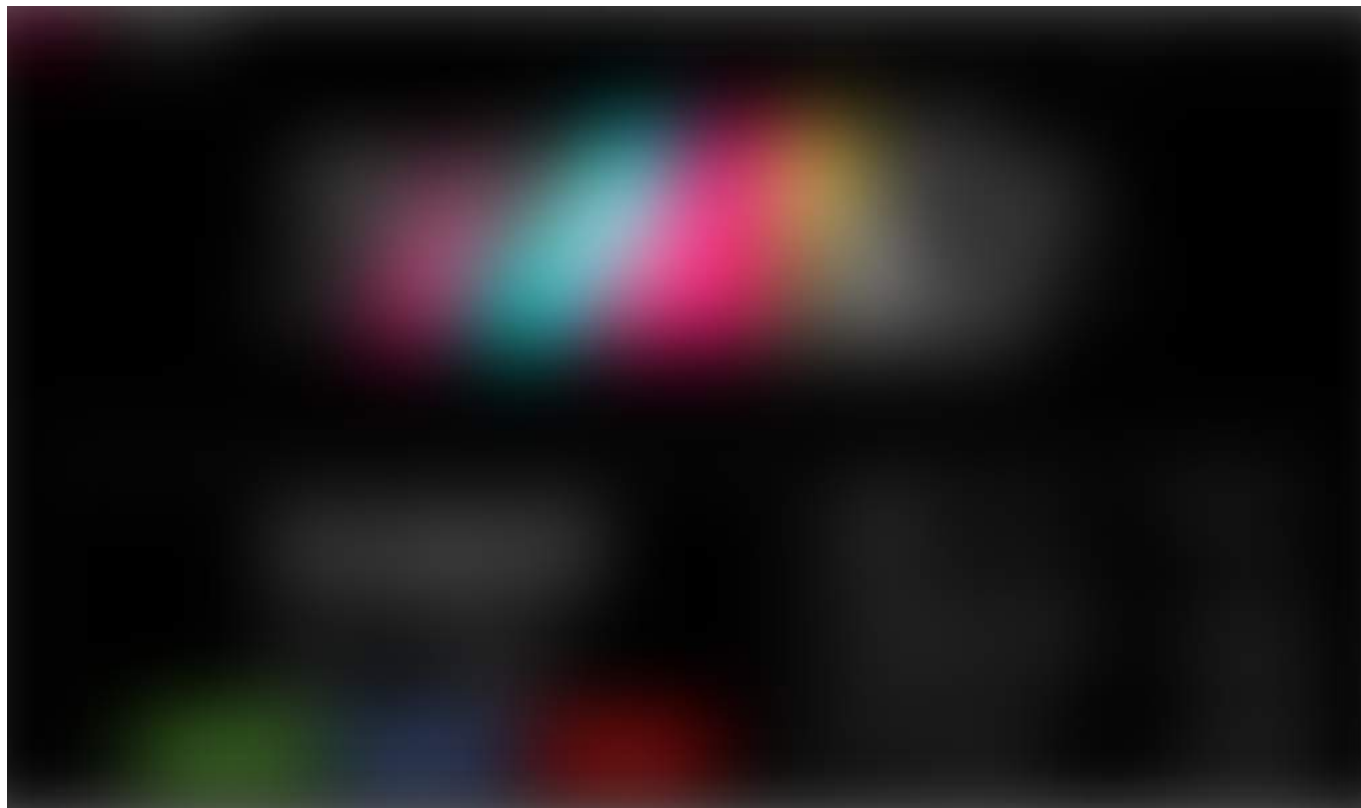
Get BUNs. Bid. Re-list. Climb status levels.

You'll need to buy BUNs (with USDC) when you sign up. BUNs are used to bid for NFTs at *Battle-Bidding* auctions, or to redeem for services.

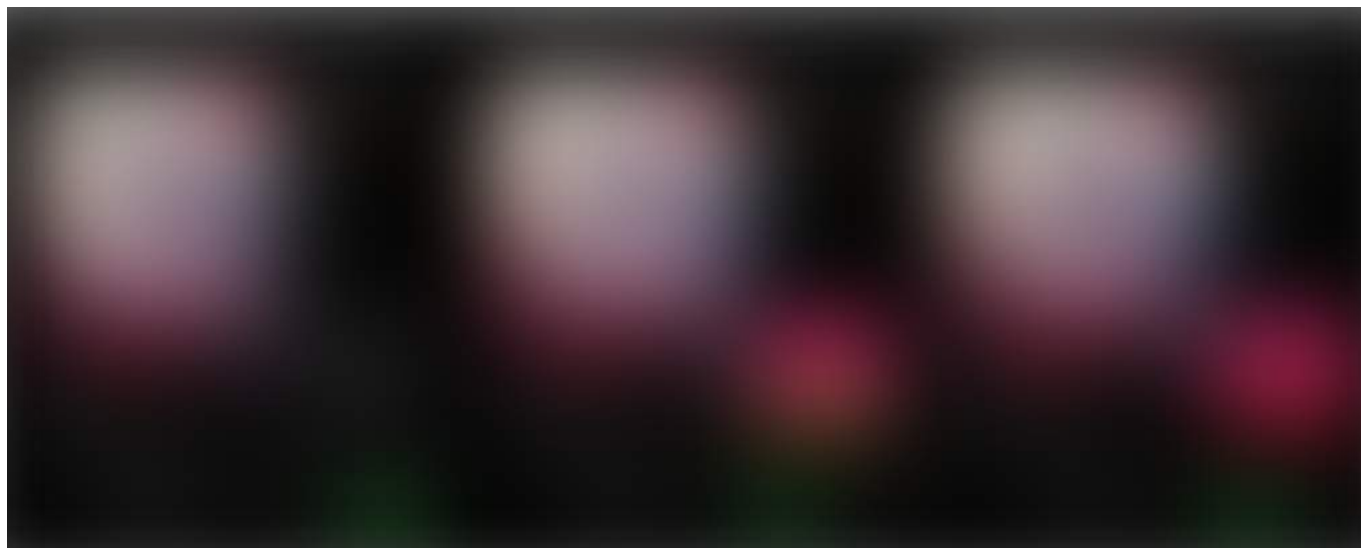


All BUNs are purchased with USD Coin (USDC).

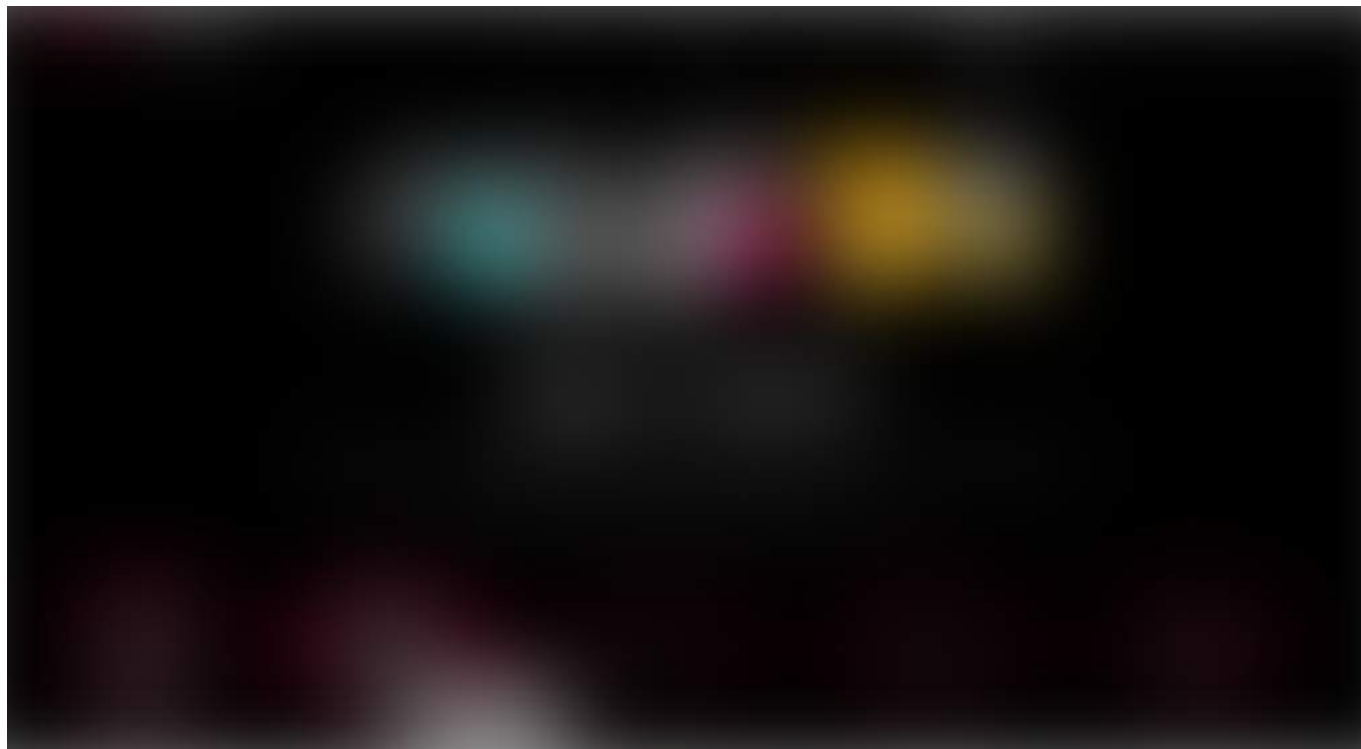
BUNs you've purchased show up in your account.



You can now join a time-limited auction by paying 5 BUNs as a joining fee (this fee increases over time making it more expensive for late comers to join that auction). Thereafter, use 1 BUN at a time to Battle Bid. You can't outbid yourself and the last member to bid when the timer expires, receives the NFT. BUNs used to bid are spent (and debited from your account, i.e., the auction is a pay-to-bid style auction).



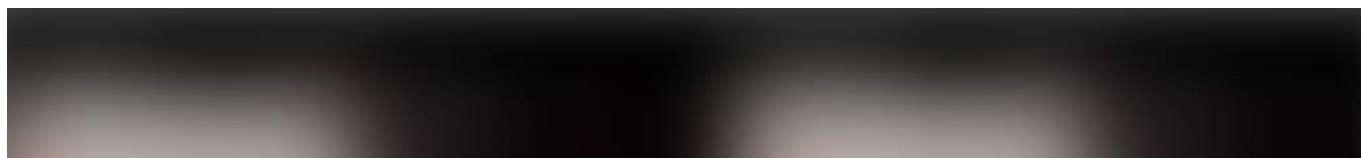
Each NFT is curated, unique, and part of a themed set of 5 NFTs. Collect the full set to unlock an amazing mystery gift (only offered when a set is first put together). Collect a simple majority of a set and unlock a degree (a status level granting more BUN rewards for participating).

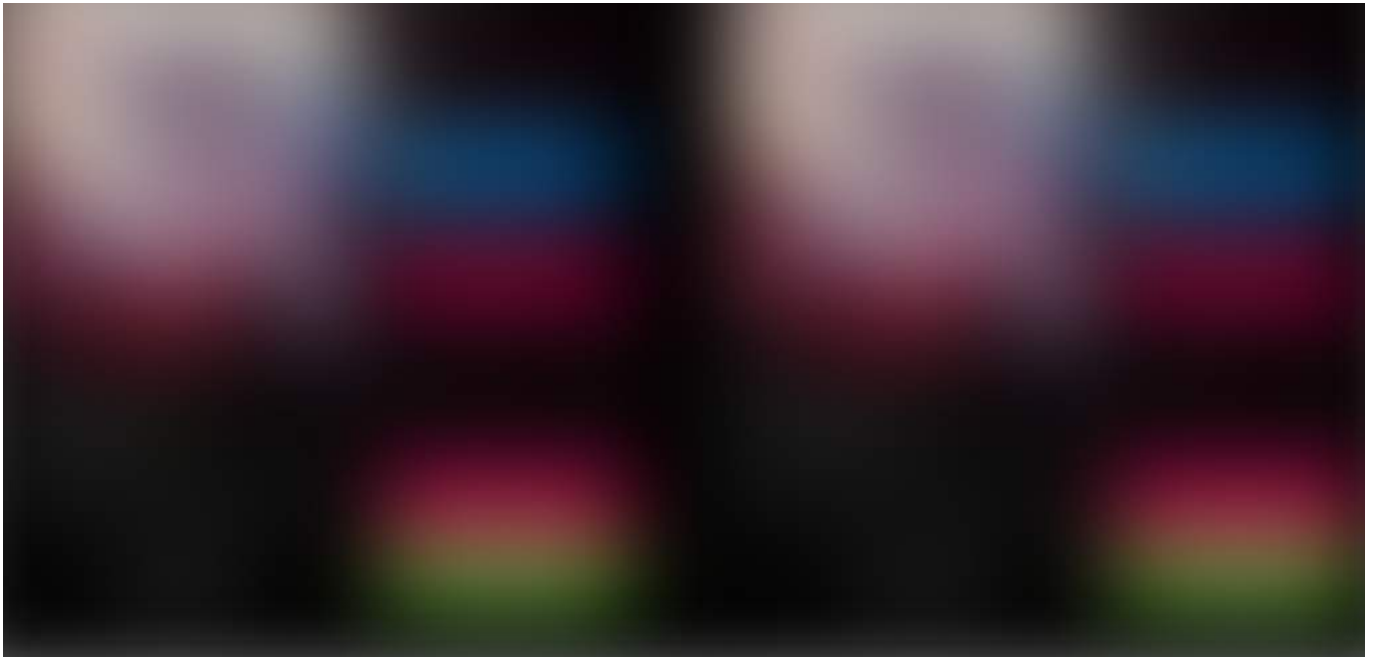


You can also unlock some other badges depending on when you sign up.



You can sell NFTs you've won for auction and get paid for the sale in USDC (less our commissions). Conditions apply.



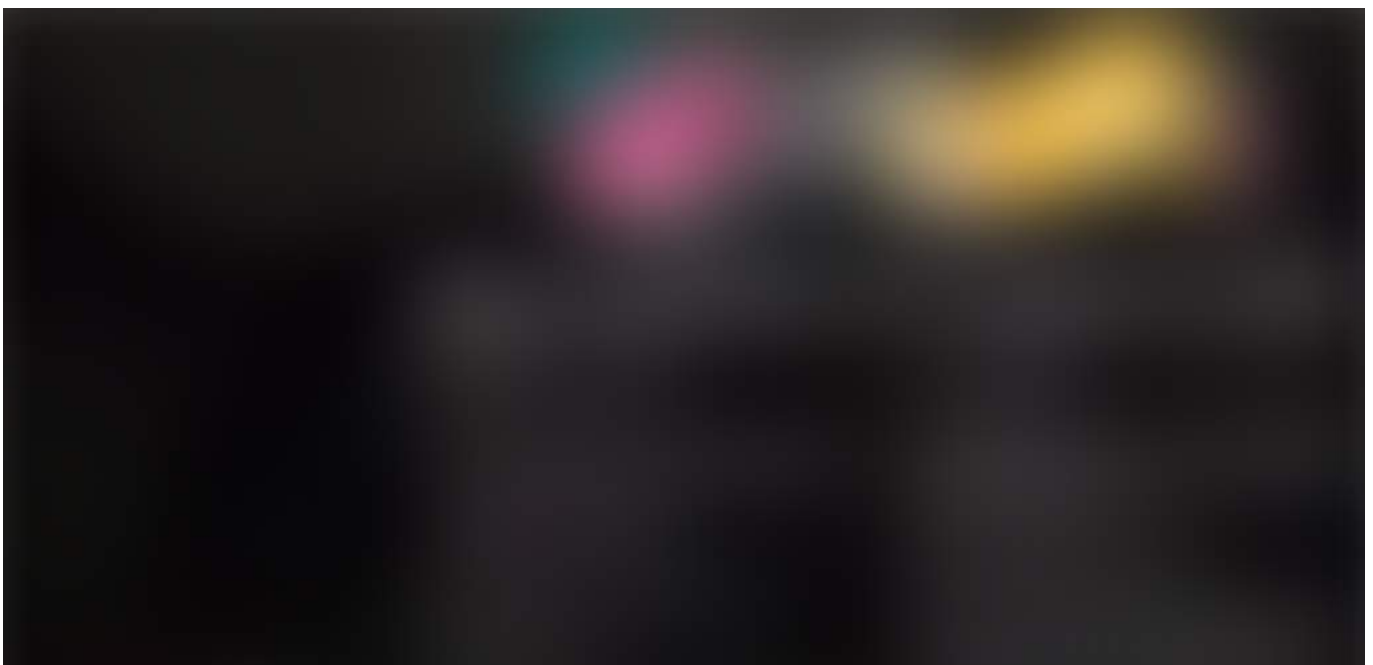


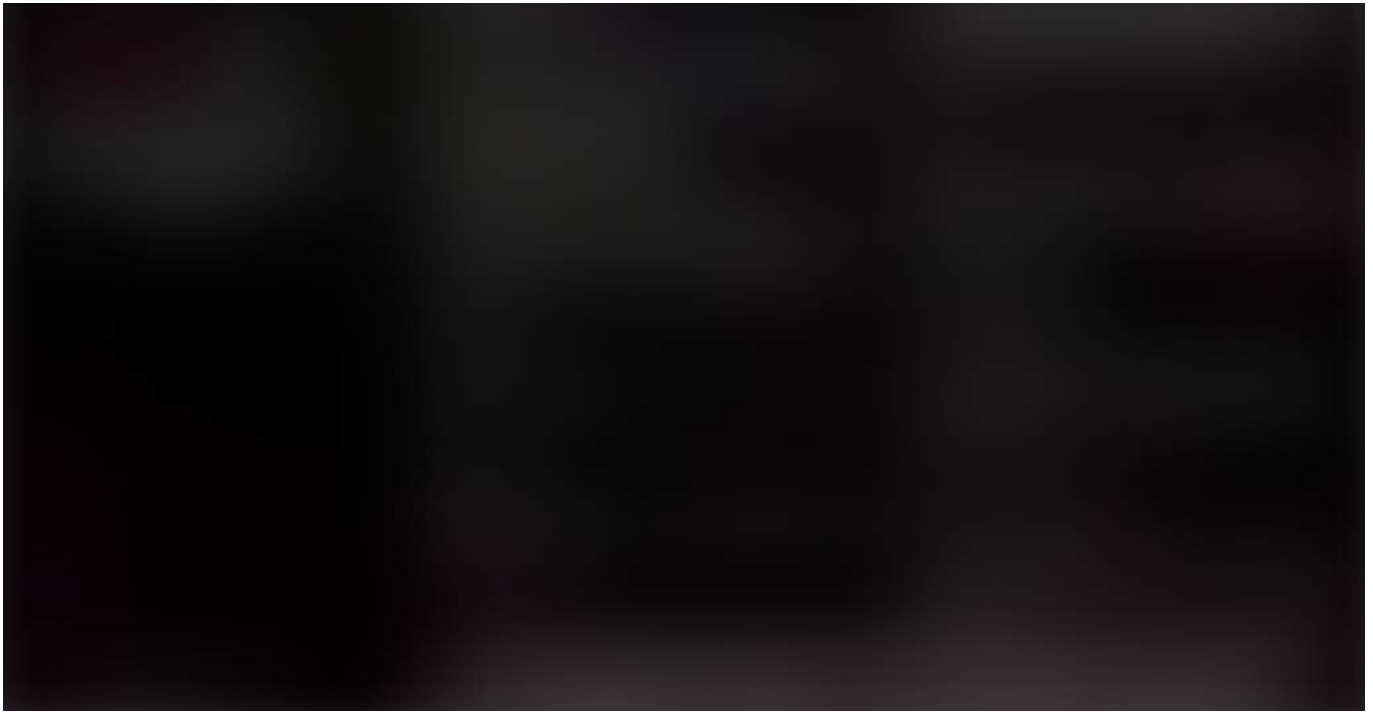
Sneak peak of current platform (in testing mode).

A member's goal should be to achieve the **5th degree** (collecting a simple majority of 5 different sets).

The result of member's bidding on Loot NFT is for creators anywhere (whose work was NFT'd and listed for auction), known and unknown, to get recognized and paid for their creativity and talent.

Here's a one-page overview of the whole Loot NFT ecosystem below (to download the pdf, click [here](#)):





Leave your questions below for us to answer.

❤️ Loot NFT.

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Simple Design, Enormous Possibilities



James Duchenne

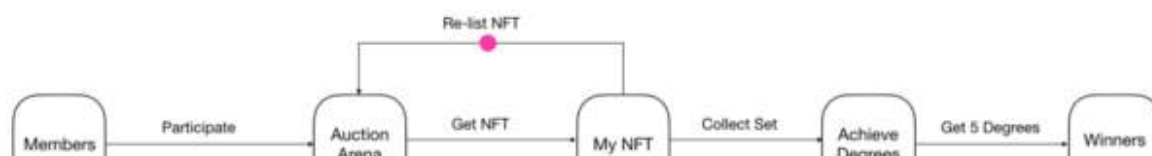
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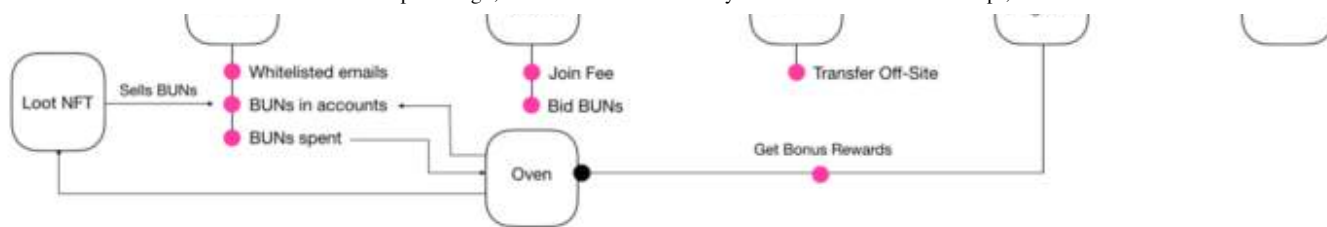


We've already produced vast amounts of documentation addressing the features of the Loot NFT platform, together with some thought-provoking discussions about the impact of its design.

This can be overwhelming and we can easily forget that, at the core, Loot NFT has a very simple structure. In this short article, I'll showcase the basic building blocks that make up the Loot NFT design and business model.

From a bird's eye view here's how Loot NFT works.





1. People sign up with whitelisted email addresses, then purchase BUNs from Loot NFT. Thereafter, they can buy BUNs at any time as long as their account does not go over 50,000 BUNs. BUNs are sold in packs of 25 for 5 USDC.
2. BUNs are used in a *pay-to-bid* style to win NFTs on auction.
3. All BUNs spent by members are sent to the Oven (a time-locked wallet). However, the Oven only receives BUNs bid at auctions once they conclude. The Oven distributes BUNs back every Sunday at 00:00 UTC to members (rewards) and to Loot NFT (for resale to members).
4. Once members win an NFT, they can resell them at auction, or transfer them off-site.
5. All NFTs are part of a themed set each containing 5 NFTs. A member collecting a *simple majority* of a set gets a degree (status level) which gives them more BUN rewards than what they would otherwise have had from the Oven distribution. If members *collect a full set* (all NFTs in a set), they get a mystery gift.
6. Members that achieve 5 degrees complete the Loot NFT challenge.

Below is a depiction of the member bid panels in the battle bidding arena (left) and the section they use to re-list their NFTs for auction (right).





The menus of the site are straightforward as well.



I hope the above makes it simple for anyone wanting to participate on Loot NFT and to understand how it works. The outcomes that come out of this simple design are another matter altogether; once you go down the rabbit hole it can feel like watching Christopher Nolan's movie, Inception.

♥ Loot NFT.

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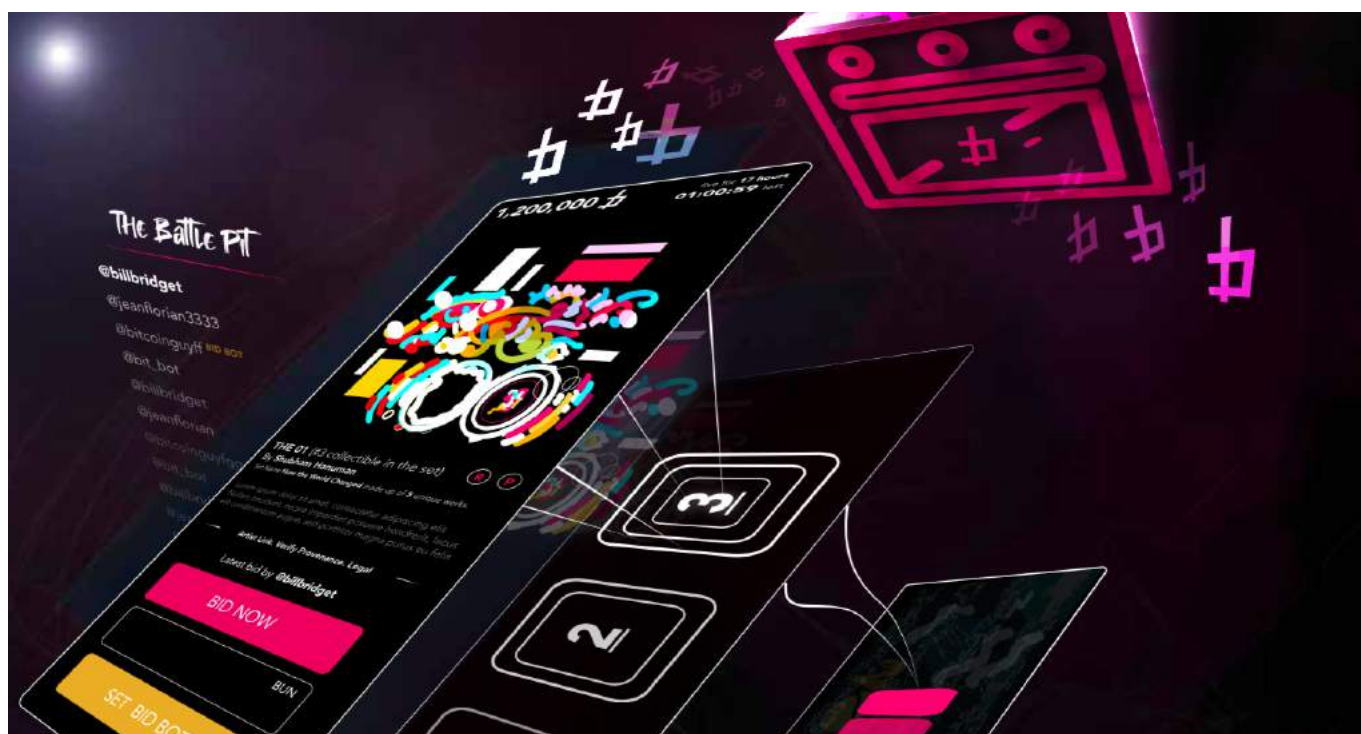


Q&As from Peer-Review: A deep dive into NFT listings, account caps, D-Day and more...



James Duchenne

May 3 · 9 min read



As part of our launch, we allocated time for peer-review of our information. This is so a fresh pair of eyes can tell us if they see any issues with our design or if additional clarifications are required. We can then prudently consider whether we need to make changes or update our communication.

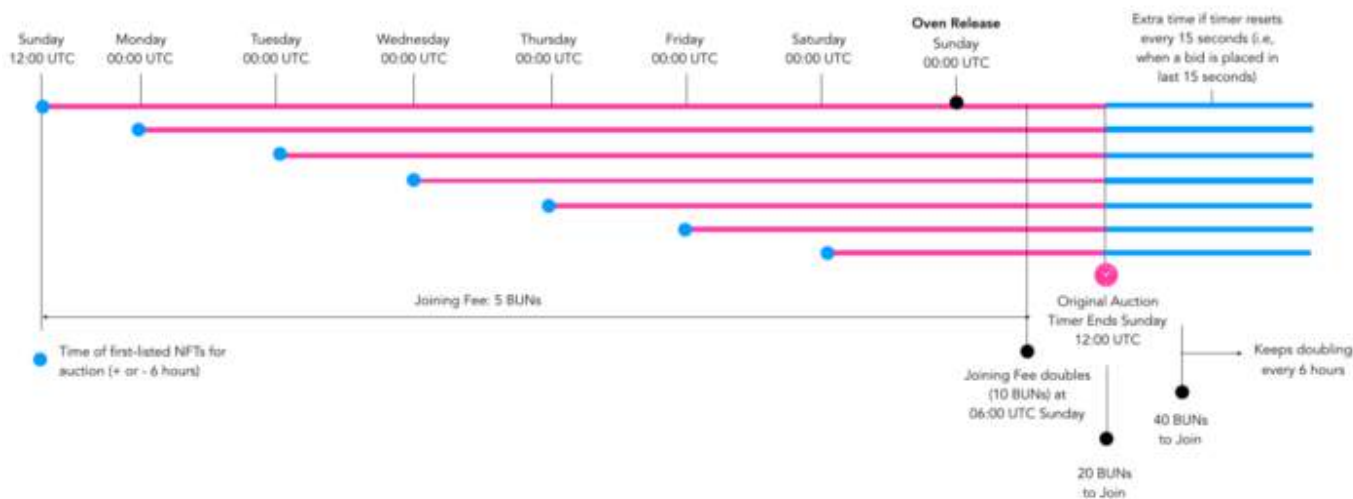
I write this article to address the queries of Ishant Ayadassen (one of our reviewers) regarding how we list NFTs, deal with maximum caps, and achieve a level playing field for all members, in addition to clarifications surrounding what we've dubbed the "D-Day Event".

It's obvious that those diving deep into our design will come up with questions that maybe we might have addressed too briefly or simply missed. However, I consider some of the questions Ishant had to be important enough to address. I list these out below.

1. Do you have a schedule for the listing of NFTs?

Absolutely.

We intend to list new NFTs for auction on a daily basis with a set end time. Six hours before the end time, the joining fee of 5 BUNs doubles to 10 BUNs. Since each bid received in the last 15 seconds resets the timer, this means that an auction could go into overtime beyond the original end time. The joining fee will double every 6 hours in overtime until it reaches 40,960 BUNs (approximately 78 hours).



Timeline of new (first-time) NFT listings. Click to enlarge.

Re-listed auctions (i.e., those NFTs that are re-listed for sale by members) can be listed at any time and will have 170 hours to achieve a reserve price. When a reserve is met, the battle bidding auction starts with a timer of 24 hours to allow all people to join in. The reserve is added to the auction receipt. If it doesn't get to the reserve, the auction is delisted. To note, any member can join in a re-listed auction at any time by paying the same share of the reserve price that prior members paid to join that auction.

2. What is the process to bid?

First, members must pay a joining fee to bid on a new (first-time listed) NFT, or pledge BUNs to meet a member's share of a reserve price for re-listed NFTs. If the reserve is not met (i.e., the auction doesn't go ahead), the pledged BUNs are returned to the member.

Second, members must allocate an amount they're willing to spend on each auction. They can "clear" that amount at any time and the balance is returned to their account, or add more to it.

An example of the bidding control panel is shown below.



Once members have allocated an amount they'd like to bid for an auction, they can then set the bid bot or bid manually, or both. If the amount is entirely consumed they will need to re-allocate more to continue bidding. This is good for members to control the amount they've allocated per auction.

Lastly, members can bid on one or multiple auctions at the same time.

3. Do all bids get sent to the Oven automatically from biddings?

No.

BUNs for an auction only get credited to the Oven *when the auction concludes*. In the meantime, the Oven will accumulate BUNs spent for other services, such as whitelisting email addresses of invitees or of public cryptographic addresses, NFT Re-listing fees, etc.

4. What's a D-Day scenario?

D-day is a theoretical event where Loot NFT has no more BUNs to sell and the Oven has not redistributed BUNs yet to the Loot NFT ecosystem. As D-Day approaches, BUNs become more scarce and the last members that have BUNs (as long as they have joined an auction), are the ones that can win the NFTs.

If all auctions are still in progress on the platform at that time, this could result in a cascade of auctions ending, filling up the Oven as they do so. However, since the Oven only distributes at 00:00 UTC on Sunday, there may be a situation where members have to wait until that time to participate again (it also means that no new members can sign up until that time).

That's D-Day.

5. How long do we have to wait for a D-Day?

As I said above, D-Day is theoretical and dependent on several factors, such as how long an auction lasts, how many members are bidding in the last 15 seconds, how many NFTs are on auction, what the re-listing reserves are, how many BUNs are off-platform, or lost, or "hodled," etc. Technically, our models show that it is possible in a 21-day period, but that's a very big "if".

6. Doesn't a D-Day scenario mean that new auctions will only be available to members that have kept BUNs to pay the joining fee before they lockup to other participants?

No.

All of our listings end weekly following an Oven release. It means that members can still join an auction at 5 BUNs before the joining fee doubles (only in first-listing scenarios).

7. So, you've capped your revenues?

Yes and no.

There are other avenues for growth, such as creating Loot NFT sub-sites on a country basis to help creators there; they could then gravitate to the Loot NFT site, much like the

football world cup which has different qualifying regions before getting to the world cup. These sub-sites could use tokens with different tokenomics but the same or similar approaches.

8. About the cap of 50,000 per account... how do you stop members from buying from Loot NFT and sending them off-site and purchasing more so that they have more than 50,000 BUNs combined?

A member's cap is the sum of all BUNs they've sent off-site (since BUNs are blockchain assets) and their balance on Loot NFT (which includes amount allocated in live auctions). Hence, they are not be able to buy more from Loot NFT unless they use their BUNs on Loot NFT. In order to send BUNs off site, they're also required to pass our KYC checks, which stops multiple accounts from being used to buy BUNs and consolidate off of Loot NFT.

9. Can a member buy BUNs at any time or is the cap of 50,000 BUNs a onetime lifetime cap?

Members may buy BUNs at any time and the cap is a hard cap at any one time.

For e.g., if John buys 50,000 BUNs and spends 1,000 BUNs in an auction, he will be able to purchase up to 1,000 BUNs.

A couple of important notes here:

(a) BUNs are sold in packs of 25 BUNs, which means that if a member spends 1 BUN at an auction and wants to buy BUNs, he/she won't be able to do so. That member must make room for at least 1 pack.

(b) If a member has allocated BUNs to auctions or pledged to a re-listing, these BUNs are treated as if they hadn't left the account of that member (since they still have control of those BUNs).

*For e.g., John has 50,000 BUNs. He allocates 5,000 BUNs to an auction. His account balance shows 45,000 BUNs. He tries to purchase more BUNs. He can't until he returns the BUNs from the auction. **For reserve pledges, these amounts are locked-in and can't be cancelled. It is only returned if the auction doesn't go ahead.***

10. If I've sent 50,000 BUNs off site and I'm not able to sign up unless I buy BUNs, but they're all off-site and I can't buy more, what do I do?

Send the BUNs back to Loot NFT.

Each member has a public BUN address on Loot NFT. Once the off-site BUNs are received, you can log in. If you don't know your Loot NFT public BUN address after your email One-Time-Password confirmation (in this specific event) you'll be presented automatically with your account's public BUN address.

11. Can members send in BUNs from another non-whitelisted public BUN address to their account?

Yes, but any amounts over their 50,000 BUN cap (which includes BUNs held on Loot NFT) will be sent to the Oven for re-distribution to the Loot NFT ecosystem. Members must therefore be mindful not to send more than the cap they're entitled to, otherwise they will lose the additional amount.

12. Are there any additional benefits to more BUNs out of the Oven to holding a degree?

Maybe. We may give degree holders a benefit that raise their maximum BUN cap from 50,000 BUNs by 10% (1st degree), 20% (2nd degree), 40% (3rd degree), 70% (4th degree), and 110% (5th degree) to make room for the increase in rewards those members receive.

13. If you add more NFTs everyday and you have a limited supply, doesn't that mean that over time the remaining NFTs get valued less?

That's a great question and the answer is that we don't know. I generally don't talk about the future value of NFTs as I don't want my words to be taken out of context, but I think that in this instance I can list certain aspects that may affect an NFTs value for general informational purposes.

For fungible tokens valued in a pair to another, inflating one token in relation to the other generally means that the inflated one loses value. In our case, we are adding more

NFTs while keeping BUNs fixed. This is more like valuing gold (or a painting) with respect to an inflationary US dollar, although even that is a stretch, but you get the idea.

On Loot NFT, there's a few things that need to be taken in consideration:

(a) The arena has at a maximum of 20 first-listed NFTs and 20 re-listed NFTs at the same time (40 NFTs on auction); this proportion of first-time/re-lists NFTs may be varied depending on participation. All other items wait on a first come, first serve basis in the "Upcoming" section. Once a spot frees up in the arena, that next NFT goes on auction. This focuses the attention of the bidder only on a few items at any one time.

(b) Members that want to complete sets have to hold on to a number of NFTs, thus effectively taking them out of circulation, temporarily. For e.g., if a member has a 3/5 they may want to get to the 5/5 to get the mystery gift.

(c) Some NFTs may attract more attention than others, such as if we have a custom car by a particular creator in a set of mechanical objects.

(d) NFTs may not be sold by "hodlers" since NFTs may have value in themselves to those members.

(e) NFTs can be sent off-site. This reduces the amount of NFTs in the ecosystem and can balance out with the incoming NFTs such that certain NFTs may have more value off-Loot NFT than on it to a member. This means that a fresh contingent of NFTs can take the spots of the older ones.

(f) The number of members on the Loot NFT is relevant to the bidding fervor at auction.

(g) In a decentralized ecosystem, we will transition to pricing the BUNs with a set amount of ADA (Cardano Native Token); for example 1 pack for 5 ADA - to note we originally intended to launch by selling BUNs to ADA, before replacing it with USDC for several practical reasons. Hence, in relative fiat terms, BUNs may fluctuate in the future with the price of ADA.

Concluding Remarks

I appreciate that the above is not for everyone, hence why I've posted it in the complex section for those that want to go down the rabbit hole.

For everyone else, it's simple — there are 50,000 BUNs cap per member, which you use to participate at auction. Simply pay the joining fee, set the amount you want to allocate to bid per auction, bid to get NFTs, collect sets, and have fun competing in the arena.

Lastly, I want to thank Ishant for seeking clarification on these items, and prompting me to expand further.

♥ Loot NFT

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NFTs as Securities: A Review of Arkonis Capital's Letter to the SEC



James Duchenne

Apr 21 · 8 min read



I list for reference the letter from Arkonis Capital's parent company, Sustainable Holdings [here](#).

I am glad that Arkonis has brought the issue of whether an NFT is a security to the forefront in their letter to the SEC; I believe that these are important issues to be addressed to shed light on a potential grey area (especially, after the backlash of the 2017 ICO craze). Obviously, being a player in the NFT field, we are attuned to developments that may impact our business and contribute our knowledge as much as possible to guide this field.

As you may be aware, Loot NFT operates in both the fungible and non-fungible token arena. Here's where we stand.

Let's take the matter of the BUN as a cryptographic token first.

(a) The BUN is a digital voucher that only has intrinsic value within our platform. Similar to a game credit, it has a fixed price of 0.20 USDC and is consumed for services and as a bid unit in pay-per-bid *Battle Bidding* auctions (much like penny auction site, *Quibids*). It is also used in the fabric of our site's design to regulate membership intakes, rewards, and more.

(b) We provide disclaimers regarding the BUN on our website and all of our documentation (in particular our Telegram group) as we don't live in a vacuum: it is a common assumption that those purchasing blockchain tokens expect secondary market listings, trading, and profits. As such, our disclaimers (which amongst other things state that we will not list the tokens, participate in any secondary market activities, or advertise anything related to the same) aims to dispel such notions promptly and decisively.

(c) To prove the point, we have no token allocations for team members, advisors, third parties or, for that matter, even company reserves; the BUN is simply used on our platform, and it is in our commercial interest to sell as many as we can and ensure they're used (so they can recirculate back to us for resale)! *Nothing more*. In addition, the sales of BUNs lead to revenues that are taxable like any goods and services.

(d) Our product is operational from day one, and we're adequately funded to run our business. We have not accepted any investments prior to the launch and operation of our product. Our goal is to provide a gamified auction platform for the benefit of creators and our members, not to get our members or anyone else to invest in our operations. It is illogical to think otherwise.

(e) For our exit strategy (the destiny of which we control without outside influence), we've made no secret that we intend to migrate all (as far as practicable) centralized modules of our software to a decentralized autonomous organization (or DAO). At that point, we plan to retire our company, and get royalty-like revenues from the DAO as long as the platform keeps being used by, and of value to, our members. In this process, we aim to entrust the governance and administrative matters of running the day-to-day operations to a foundation, our members, and the blockchain.

(f) The BUN can be custodied by members themselves if they so chose.

On this note, I remember that my data was hacked in the US healthcare breach a couple of years back and if I had been given the choice to hold the keys to my data (as an NFT) this could have been prevented; the technology exists to do this today and migrate from centralized solutions that act as honey pots.

This is one of the reasons we believe our members should be able to secure their BUNs. Note that it is not in our immediate commercial interest to have BUNs outside of our platform sitting on the sidelines (and not being recirculated back to us) but that is a nod to what we think is in the best interest of our members long term. In turn, it is clear that we can't stop

peer-to-peer transfers; that is the tradeoff. In this context, we've capped the maximum amount of BUNs a member can have in their account to 50,000 BUNs (or USD10,000) which includes both the amount on Loot NFT and in their off-site wallets. They are not able to purchase more unless they've used these on Loot NFT to make room under that cap. Further, it is our policy not to promote or address these matters as people can read into, and distort, our words; our focus is to run a sound business.

Thus, we believe that our use and utility of the BUN is not in question.

Now, I turn to the matter which was brought forward by Arkonis.

This is (from a legal perspective at least) a fascinating theoretical and real world test for the SEC to further **unpack** the Howey Test.

As Arkonis points out, the SEC viewed that,

"...the main issue in analyzing a digital asset under the Howey Test is whether a purchaser has a reasonable expectation of profits (or other financial returns) derived from the efforts of others."

To understand why, let's consider the case of an NFT representing the ownership of a unique art work.

As it is non-fungible, it achieves value in an asymmetric context (i.e., the NFT must be matched with a specific willing buyer and its re-sale must seek a willing buyer in the same way). For example, is the Beeple that sold for \$69m likely to find another buyer for that amount or more? Anyone's guess. However, in a highly liquid market of fungibles

(like Bitcoin or the US dollar), it is possible to find a buyer of 1 bitcoin for a generally assumed market price, since 1 bitcoin is the same as the other bitcoins.

Hence, if art-related NFTs achieve a particular value, it may not be the price that someone else in the future is willing to pay for it (and in fact, that is likely, in the majority of cases, not to happen due to its non-fungibility), making the argument of an expectation of profit, a bizarre contortion of reality.

For this reason, I posit that there must be two types of NFTs:

(a) A right granted to its owner to expect an external profit inherently from the benefit of owning the NFT (for example, an NFT representing a legal right to oil production revenues for a particular plot of land). Here, the NFT is tainted as a security based on that underlying grant.

(b) A right to, or actual ownership of, a creation that doesn't in itself provide any expectation of revenues but that may be valued at a price that a willing purchaser is willing to pay for it in the future.

We'll call the above type "a" and "b" for simplicity.

Both shouldn't be confused. Where would we stop? Baseball card collectibles as NFTs being securities? Vintage cars as NFTs being securities? No, I contend that these are not securities but creations treated as goods.

Further, while I'm in general agreement with their statement, I do think that Arkonis oversimplifies the matter when they write:

"fractionalized NFTs could be considered a security... While NFTs are meant to be non-fungible, fractional NFTs that allow numerous purchasers to acquire a partial ownership interest in the NFT, increases the likelihood the NFT could be deemed a security."

This ought to be nuanced.

For e.g., owners that have pooled their resources together (syndicated) to buy an asset in the expectation of profits, I believe would meet the prongs of the Howey Test and be a security because of the scheme (for e.g., several such schemes exist like buying a share of a painting,

a rare collectible, etc.). However, this has nothing to do with the NFT itself but a common enterprise for profit (the NFT is simply the vehicle to achieve that aim).

From a blockchain perspective, this is like having fungible tokens that can be invested into to buy an NFT. Capital is raised by the fungible token sale in a scheme to buy a non-fungible token. But if one person were to buy the NFT absent of the scheme, unless it is a type “a” NFT, it can’t be a security.

Further, a person that collects a set of individual NFTs and combining them to sell as a pack for a higher price (by definition fractionalized, in reverse) should not be a security (unless, a type “a” NFT). In fact, this is like combining an orange, a strawberry, and an apple together to make a fruit pack whose value by default would be expected to be higher as (a) it combines three products each having a singular value, and (b) it becomes more desirable to a willing purchaser because of the variety of fruits offered in the pack.

It is interesting that Arkonic also notes the SEC’s following remarks:

“Price appreciation resulting solely from external market forces (such as general inflationary trends or the economy) impacting the supply and demand for an underlying asset generally is not considered ‘profit’ under the Howey Test.”

I find this quote to be pertinent but ill-suited to apply to type “b” NFTs because the latter deals with finding a market for a unique creation, which is not affected by *external market forces* but rather one driven by desirability in the eye of the beholder (i.e., if someone wants to buy a *Banksi*, these external market forces generally will not apply).

Lastly, it should be obvious by now that at scale, finding the right buyer and seller is not like going through an order book for fungible tokens on *Binance*. It is ***only achievable through an auction process***. Thus, auction houses are the NFT “exchanges” much like the *Binance’s* or *Uniswap’s* are exchanges in the fungible tokens sector. However, this is where the analogy ends as they are both extremely different in how they operate their compliance obligations, although it is possible to have an NFT securities exchange for type “a” NFTs.

If an auction house deals with a type “b” NFT, we posit that it shouldn’t be a security, and therefore would automatically fall outside of the legislative ambits to be licensed as a

securities exchange. Baseball card swaps online platforms, E-Bay, and Craigslist are not securities exchanges.

It, therefore, falls upon the particular nature of an NFT and the rights appurtenant thereto to classify whether or not this is a dealing in securities. It would most certainly be the case that if an NFT is inherently tied to profit sharing rights, rental income for, say, a room in a building, or mineral rights for specific lots to say a few, then this would be a security and their sale or trade would fall under the ambit of securities law.

If it is a baseball card, art work, or a sculpture (all complete and finished products) then it would turn the definition of securities on its head through mind-boggling acrobatics.

In Loot NFT's specific case, we work with creators that produce finished products that we sell on consignment (or after having purchased same from them outright) in an auction. We also allow NFTs obtained on our site to be sold by their owner in the same manner. In both cases, the owner must contract out with us to list, pass KYC and background checks, and sell the item.

The gamified elements we introduce drive participation and the desirability in such creations, much like Christie's would seek to market an item to as many auction participants as possible. To note, no NFTs we list inherently grant a right to obtain a revenue, an income, or a profit.

While the above is the rationale, Loot NFT will of course be very attentive to the words of the regulators for our internal compliance.

The above is not legal advice, it is my humble take on the matter and doesn't represent the views of Loot NFT Co LLC.

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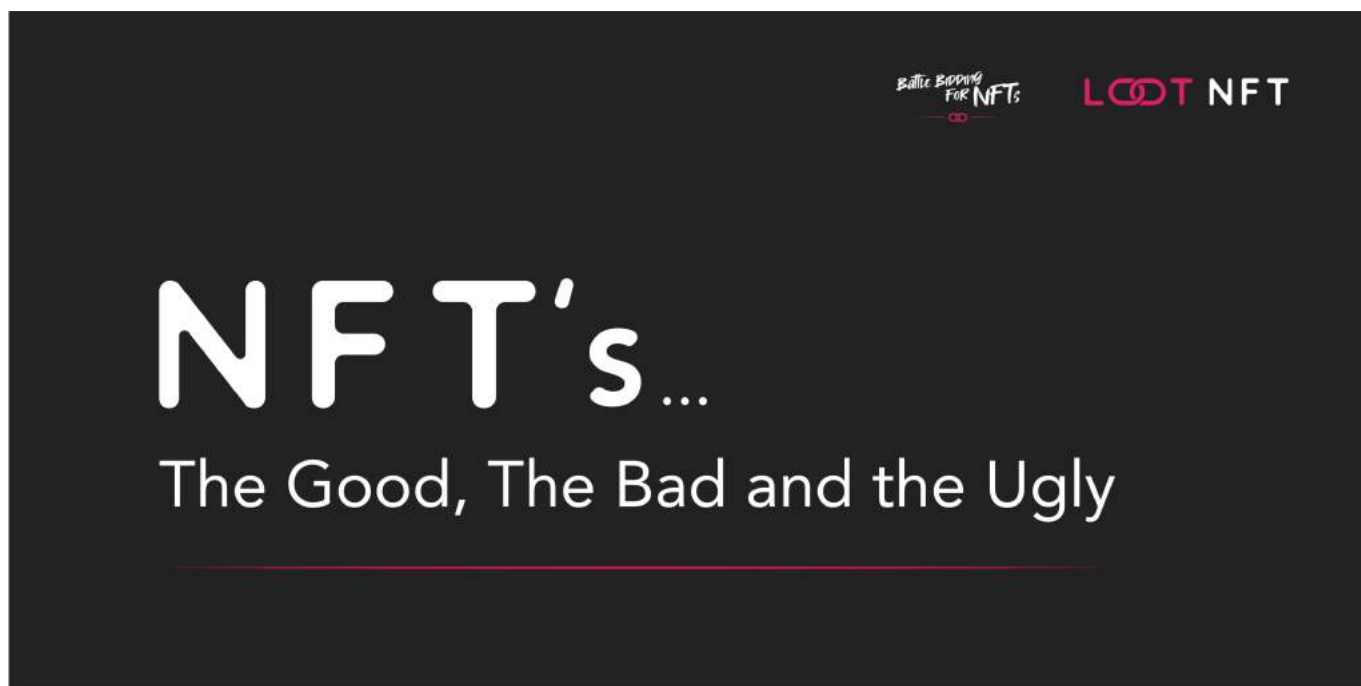
NFTs — The Good, the Bad, and the Ugly



Lance Baker

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Over the past 12 months, the newest gold rush is the NFT craze and this trend has hit overdrive in the last 90 days. “Craze” is definitely the right word to describe what’s going on because for those old enough to remember, all of the furor from the “dot com craze” to the “ICO craze” to the “NFT craze” have one thing in common — the fear of missing out (or FOMO) as it is popularly known in industry parlance.

FOMO is an interesting phenomenon and is not only driven by fear, but also by greed. FOMO is highly contagious and isn’t just dangerous for the sick and the elderly, but can also impact anyone of any age with a complete lack of logic and rationality and cause them to make decisions born out of sheer emotion and euphoria.

The FOMO in the Internet craze drove massive stock market valuations with companies that had zero revenue, zero track record, and poorly designed business models simply because they threw a “dot com” at the end of their logo. The ICO craze brought the same kind of FOMO for the same reasons with the same results. Both crazes left many as victims, some in jail and — whether right or wrong — some ridiculously rich.

The NFT craze has some of the same commonalities but also has revealed new markets and opportunities not once possible without the blockchain. It has immense potential to provide “trustless” platforms to existing markets, but has also provided an initial use case for “starving artists.”

Now more than ever, artists around the world can monetize their passion and creativity by either digitizing their physical creations or by channeling their talents in digital mediums.

The first popular NFT launched on the Ethereum blockchain in 2017.

The art itself was more parody than creativity and was affectionately called “CryptoKitties.” However, it unexpectedly revealed how powerful the concept of an NFT was, as it became popular so quickly, that it brought the entire Ethereum blockchain to its knees (i.e., clogged its blockchain). Some of these cartoon kitties were sold for 6 figures or more, and the fees to even buy or sell a cartoon cat cost more than the cat itself.

Since then, the NFT marketplace has entered its next phase of growth bringing numerous marketplaces and auctions exclusively for NFTs. This growth phase revealed new concepts, use cases, and business models, and demonstrated that the platforms and communities themselves are ripe for innovation.

We believe we are at the leading edge of platform innovation through our patent-pending process that uses advanced gamification and behavioral psychology which will level the playing field for both producers (creators) and consumers (competitors).

Over the next few articles, we are going to outline these innovations in detail to pull back the curtain and show you why we believe that this platform is the future of NFTs. Stay tuned and buckle up as it’s going to be a fun ride!

By Lance Baker. The views that I share in this article are my own and not necessarily represent the position of Loot NFT Co LLC, the company.

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Loot NFT, the “xHABN” Label and the VASS (Validator-As-A-Service)



Suyash Sumaroo

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May 5 · 4 min read

LNFTxHABN

The Loot NFT Permissioned Blockchain

HABN was started under the name of Horizon Africa Blockchain by Suyash Sumaroo and Akash Balluck in 2018. It is a permissioned blockchain derived from Ethereum. Its purpose was initially to provide fast, secure and affordable blockchain solutions focused on powering blockchain-based projects in Africa, where cost is an important factor. To date, the blockchain has been mostly used for test projects and education.

In 2021, in partnership with Ducorp XTM and Loot NFT, we reviewed our structure, including the tokenomics and commercialization. As we are a permissioned network, our target market are businesses that want simplicity, and predictable costs to utilize blockchain solutions, or to create their “own” blockchain to cater for their activities. This lead our initial mission to be expanded to not only cater for our Africa focus, but also to businesses and projects anywhere that find what we’ve built useful.

The “by HABN”, or “xHABN” for short, works as follows:

(a) Blockchain transactions are all done through API calls. We offer packages in 3 tiers each having a set number of API calls customers can consume for a fixed price per month. We also offer custom packages under a “price on application” option. This is quite common for the software industry.

(b) Customers get to design and build their own activities, create their own tokens, smart contracts, NFTs, wallets, etc. Each time an API call is made a transaction is recorded and retrieved. They can thus have the full power of the underlying persistence and reading of the blockchain elements they need.

In the background, out of sight of the customer a number of things happen.

But first for context, HABN is a *validator network* for customers wanting to use or create their “own” permissioned-blockchain. A useful analogy here is that of a shared server containing multiple applications (for e.g., like the one offered by Bluehost); it is the blockchain solution of the client but the validation service on the network is provided by HABN.

Now the meat of it:-

(a) We have 15 validators that earn **HABX**, the native currency of HABN that is only used as an accounting currency by HABN. It is not traded anywhere.

(b) For every 500,000 blocks mined, the validators can burn the HABX they’ve been rewarded with in return for an HABX Share Certificate (HSC for short). The HSC is a pro-rata share of their HABX burnt to that of all HABX burnt by all other validators at that time. 100 HSCs are provided for each 500,000 blocks and distributed to each validator according to their pro-rata share.

For e.g, if Validators 1, 2, 10, 15 were rewarded with 1,000, 2,000, 3,000, 4,000 HABXs that were burnt only by them, then they would respectively get 10 HSCs, 20 HSCs, 30 HSCs, and 40 HSCs. HSCs entitle them to a share of revenues from a pool made up of customer payments for that 500,000 blocks. This pool is divided by 100 HSCs, such that for example if the pool is 1,000 ADA, presenting and retiring 10 HSCs, would give the validator 100 ADA for their work.

(c) If validators do not burn their HABX, this is accumulated and they get to burn it at any 500,000 block intervals; this also mean that validators may burn part of their HABX. For e.g., if they don't burn and there are more clients in the subsequent lot of 500,000 blocks, they stand to receive more out of the pool (since their share might be greater than others that previously burnt theirs). The reverse is also possible.

(d) The pool may be in any currency and the administrative personnel of HABN converts all other currencies into ADA, the Cardano Native Currency to pay the validators pursuant to their HSCs.

(e) The HABX is never handled by the customer or even seen in the customer's wallet although it powers their transactions.

(f) The HABN blockchain infrastructure is highly flexible and can cater for the minting of NFTs, issuance of multiple tokens, and has the relevant APIs for a multitude of integrations and use cases.

Our first **VASS** (validator-As-A-Service) is for the LNFTxHABN blockchain. We've issued the M-BUN token, which is a mirror of the BUN token minted on the Cardano blockchain, to audit and record transactions within the Loot NFT ecosystem. LNFTxHABN is also expected to cater for high velocity bidding transactions when it meshes with the Cardano blockchain in the future through a bi-directional bridge.

See the minted M-BUNs here on HABNScan:

[0xbb6f7ff2e38ccb68898569e31248fd8e2c3a4b4b](https://habnscan.com/0xbb6f7ff2e38ccb68898569e31248fd8e2c3a4b4b)

We intend to keep the label “xHABN” for any blockchain validator services we provide in the future (for example, COMPANYxHABN, etc.).

To note, we will also mint the NFTs for Loot NFT on LNFTxHABN and then burn them when a member requests to send it off Loot NFT. At that time, a newly issued NFT will be minted on the owner's blockchain of choice (i.e., those available on the Loot NFT platform) together with the provenance information previously recorded in LNFTxHABN.

Disclaimer: Horizon Africa, Codevigor, Loot NFT and Ducorp XTM are validators of HABN.

Loot NFT: The Launch Timeline



Lance Baker

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Apr 19 · 3 min read



This article outlines the timeline of our open membership intake ending on 10 July 2021, and the early-bird benefits during each of our sign up stages.

*Note: Although BUNs are limited to 500m, there is **no cap** to the amount of BUNs available for sale in each sign up stage of the open membership intake. However, BUNs sold are recirculated back to Loot NFT based on member activity on its platform; therefore, BUNs may only be available following that recirculation (thereby limiting the amounts of BUNs available for purchase if you sign up in stages 2 and 3). For an in-depth overview of the intake process see [this article](#).*

Open Membership Email Registrations

Anyone can register (i.e., whitelist) their email address before *30 June 2021* to sign up **at any time in the future**. However, there are three sign up stages between 1 June and 10 July 2021 where those that have whitelisted their email addresses before 30 June can

sign up to get various member benefits. To note, a required step to sign up to Loot NFT is the purchase of BUNs.

[A] Stage 1

Anyone that whitelists their email address prior to 30 May 2021 can sign up between 1 and 7 June 2021.

The Benefits

Those that sign up in stage 1 receive several badges with associated benefits in addition to 1 bonus BUN for every BUN purchased.

Pioneer Badge

All Pioneer badge holders can get a 10% commission in USDC for every purchase their invitees make up to 31 December 2022. Only **500** Pioneer badges will be given on a first come, first served basis. Conditions apply.

Referral Bonus

Members who invite others will receive 5 BUNs for each 25 BUN pack purchased on their invitee's first purchase up to 31 December 2022.

Lifetime Free NFT Re-listing

Loot NFT charges a fee to re-list NFTs for auction from a member that previously won that NFT in an auction (currently, 250 BUNs). This fee is waived for holders of this badge.

[B] Stages 2 and 3

Stage 2 is for members signing up between 7–30 June 2021. This is only open to those that have whitelisted their email addresses by 6 June 2021. Members that sign up receive 10 bonus BUNs for every 25 BUNs purchased.

Stage 3 is for members signing up between 1–10 July 2021. This is only open to those that have whitelisted their email addresses by 30 June 2021.

Members signing up in these stages do not receive the Pioneer badge.

The Benefits

Members in *Stage 2* receive the same badges as in stage 1 to the exception of the Pioneer badge.

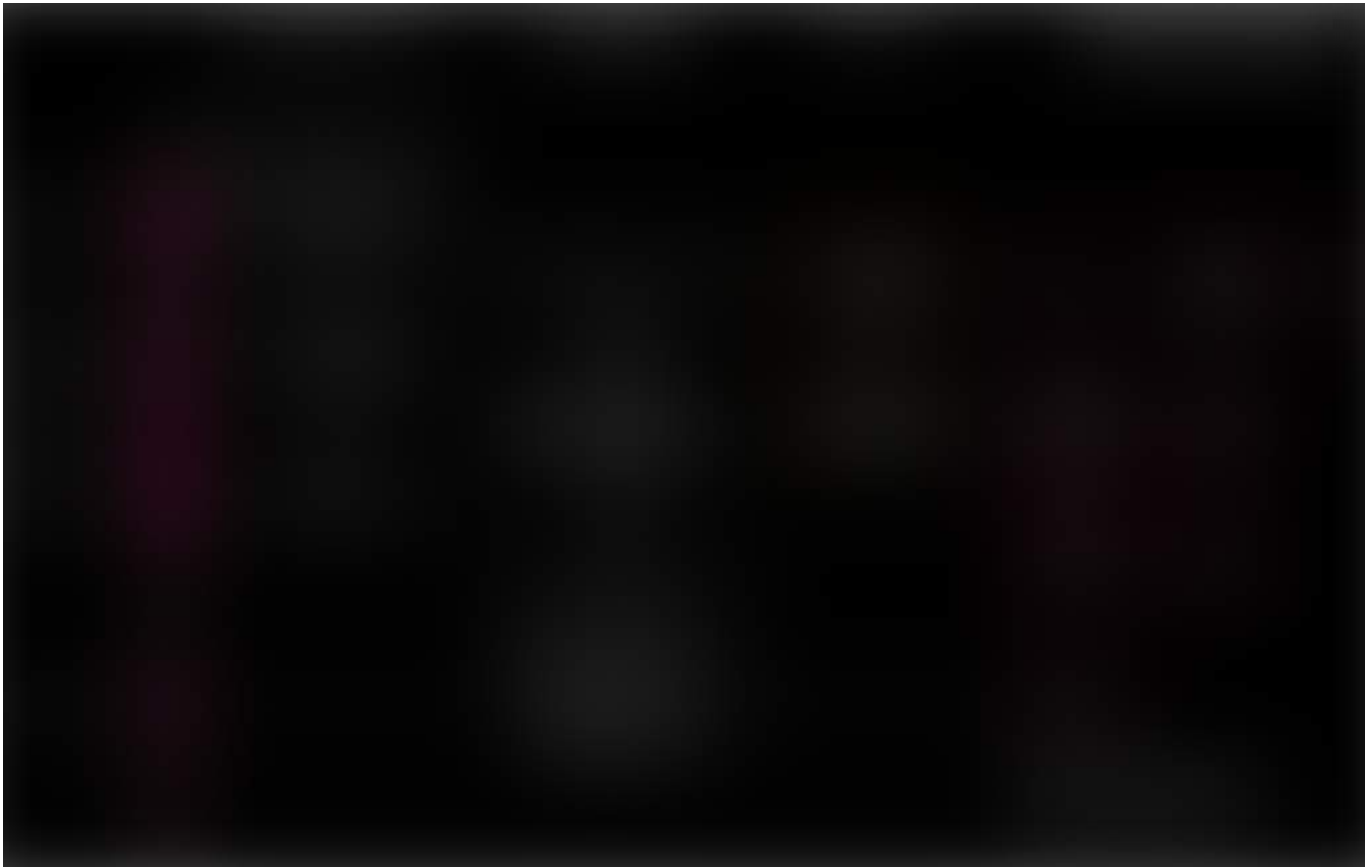
Members in *Stage 3* receive the same badges as in stage 2, except that they do not get any bonus BUNs for their first purchase.

[C] Invite Only Period

People that have whitelisted their email addresses prior to 30 June 2021 can sign up at any time in the future.

On the other hand, anyone that has not whitelisted their email address prior to 30 June 2021 won't be able to sign up without an invite (i.e., members whitelisting their email addresses).

Below is a detailed timeline together with the sign up Stage benefits.



In summary, the timeline is straightforward. The earlier you whitelist your email address and sign up, the better the benefits.

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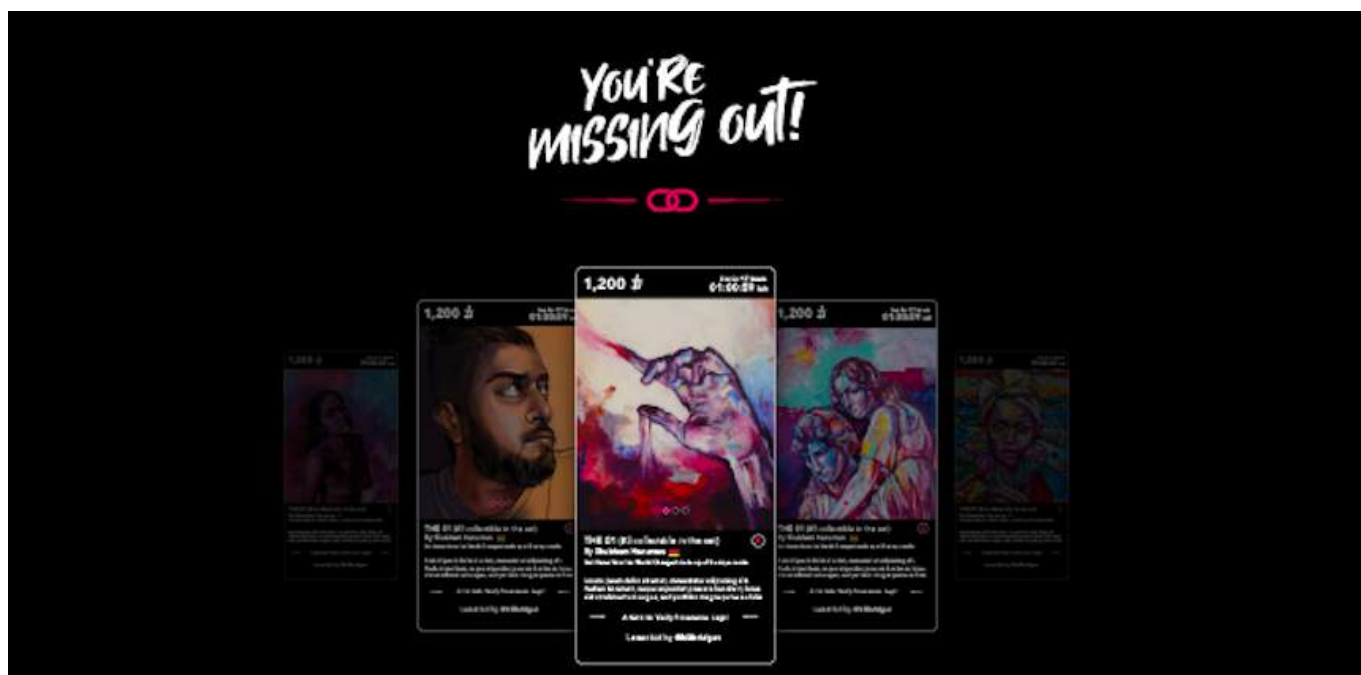


Loot NFT Press Release. 5 May 2021.



James Duchenne

May 5 · 2 min read



Loot NFT is a gamified auction platform where members bid for NFTs using BUNs, a token of limited supply (only 500m will ever be issued). Membership is by invitation only outside of the early-bird membership registrations ending 30 June 2021.

Each NFT commissioned from creators is unique (one of one) and part of themed set of 5.

Members get degrees (i.e., status levels giving rewards) by collecting NFTs in a set. The goal is to get to the 5th degree. A full NFT set collected unlocks a jaw-dropping mystery gift.

All auctions are time-limited and occur in a pay-to-bid manner where members bid one

BUN at a time in the auction “arena”. If a bid is received in the last 15 seconds, the timer resets back to 15 seconds. The last member to bid when the timer expires gets the NFT. Thus, auctions could last hours or days, or longer and is termed “Battle-Bidding”.

Each BUN spent is directed to a time-locked wallet called the Oven which empties BUNs back into the ecosystem once a week on Sunday (20% as rewards to members and 80% to Loot NFT for resale to members). However, BUNs bid in auctions are trapped until the auction concludes, at which time BUNs collected for that auction are sent to the Oven.

Since BUNs are limited in number, when they’re spent, their circulating supply decreases, meaning that members must bid very strategically.

In multiple live auction scenarios, it is possible that all BUNs, except a few, are left in circulation (meaning that all other members are spectators). Therefore, the remaining members holding BUNs can win the NFT. Members can re-list NFTs they’ve won for auction and get paid in USDC; BUNs are accounting units used to assess the USDC value of the sold NFT.

Members holding NFTs in a set to get a degree create a de-facto NFT “staking” reducing the availability of NFTs at auctions. Once achieved a degree can’t be lost. Therefore, members can resell NFTs that they previously used to get degrees.

The BUN is a blockchain-based token minted on the LNFTxHABN permissioned blockchain environment and the Cardano Blockchain. In the future, Loot NFT intends to use a bi-directional bridge between both blockchains to decentralize the modules of its ecosystem to create a decentralized autonomous organization.

BUNs are sold in packs of 25 for 5 USDC. In the future, they intend to be sold for ADA, Cardano’s blockchain native currency.

Membership to Loot NFT is by invitation only.

The Loot NFT model is a gamification tour-de-force for which it filed a provisional patent, and like the NFTs it lists, it is unique.

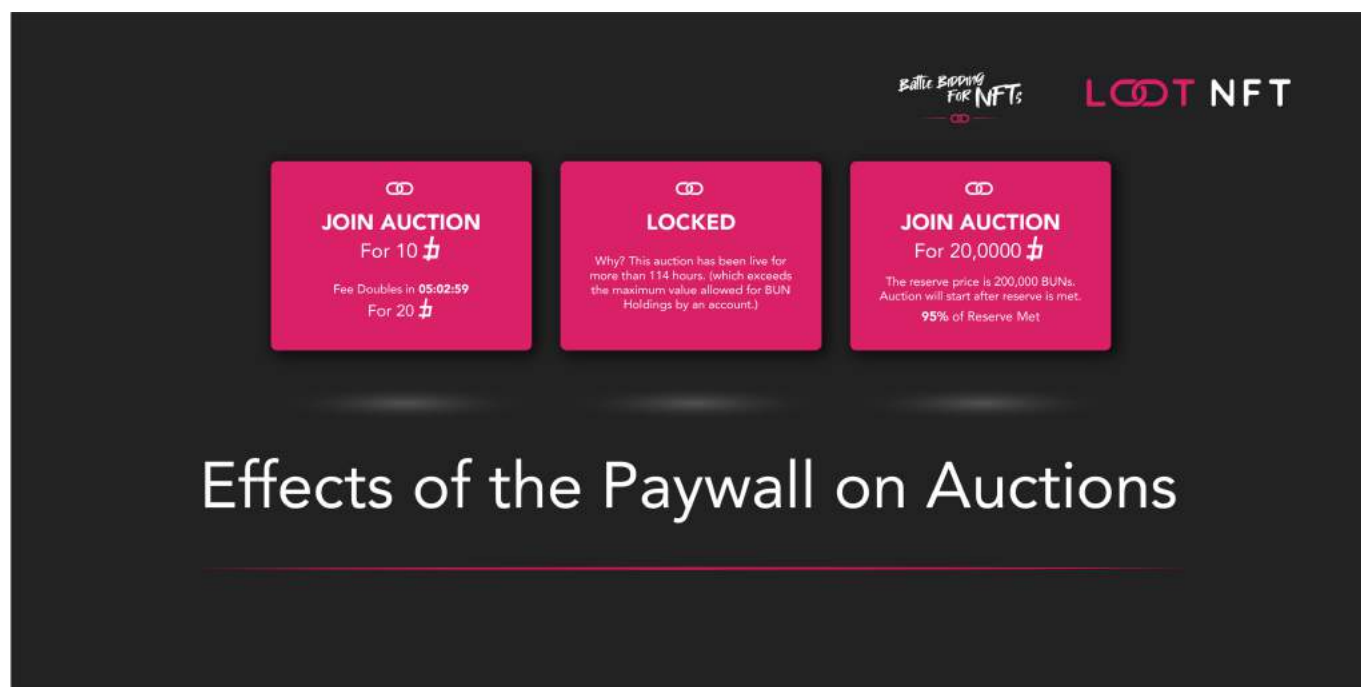
5 May 2021. Loot NFT Co LLC, Wyoming.

Effects of the Paywall on First-Time Listings for Auction



James Duchenne

Apr 12 · 2 min read



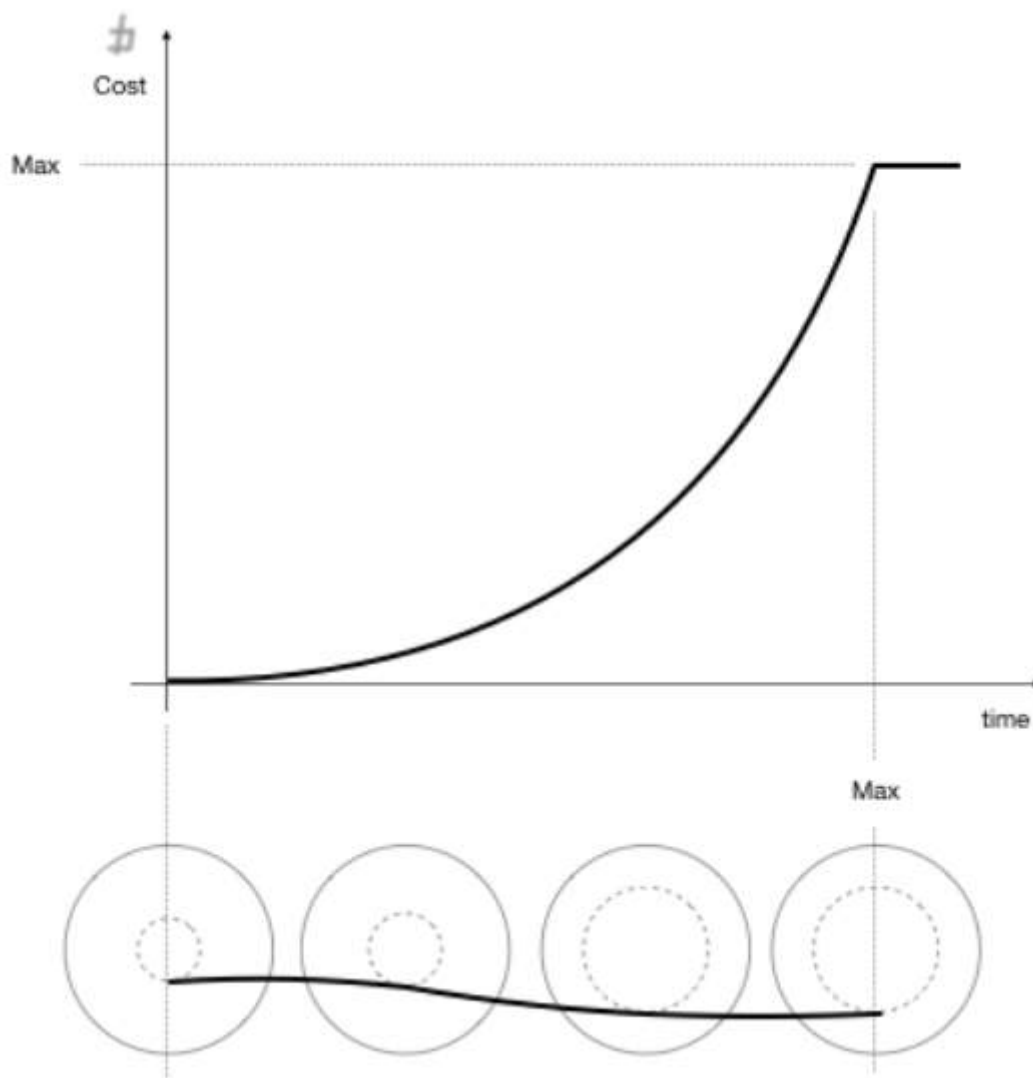
Members must pay in BUNs to join an auction. Here's why.

NFTs are listed for time-limited auction (in *pay-to-bid* style) that have an end time. Up to 6 hours before the end time, members can join an auction by spending 5 BUNs. This is accounted for as their first bid. Thereafter, they spend 1 BUN at a time to bid and they can't outbid themselves.

A bid received in the last 15 seconds of the auction resets the timer back to 15 seconds. Therefore, auctions can last for hours or days in “extra time” (i.e., the time beyond the end time where an auction remains live).

The first reason to set up a paywall (i.e., the fee members must pay to have a seat at the auction table) is that it functions as an incentive to join early. At the same time, this seeds the auction with participants and crowdsourced bids (since paywall amounts get added to the auction receipts for an NFT).

When there is less than 6 hours to the end time, the paywall doubles to 10 BUNs, and keeps doubling every 6 hours of extra time thereafter (although bidding continues for members that joined previously). Hence, it gets costlier to join an auction as time goes by. This self-regulates the number of members that participate in an auction since doubling the joining fee quickly reaches a large amount, pricing out most members.



Impact of the paywall on participation from the population of members

As a member's account is capped at 50,000 BUNs, at some point, the doubling of the paywall means that no new participants can get in that auction since the paywall would

be more than that cap (about 78 hours after the start of the paywall doubling).

Below is a graph of the profile of BUNs collected at auctions over time.



This graph is particular to the battle bidding auction scenario

We're happy to answer any questions here.

♥ Loot NFT.

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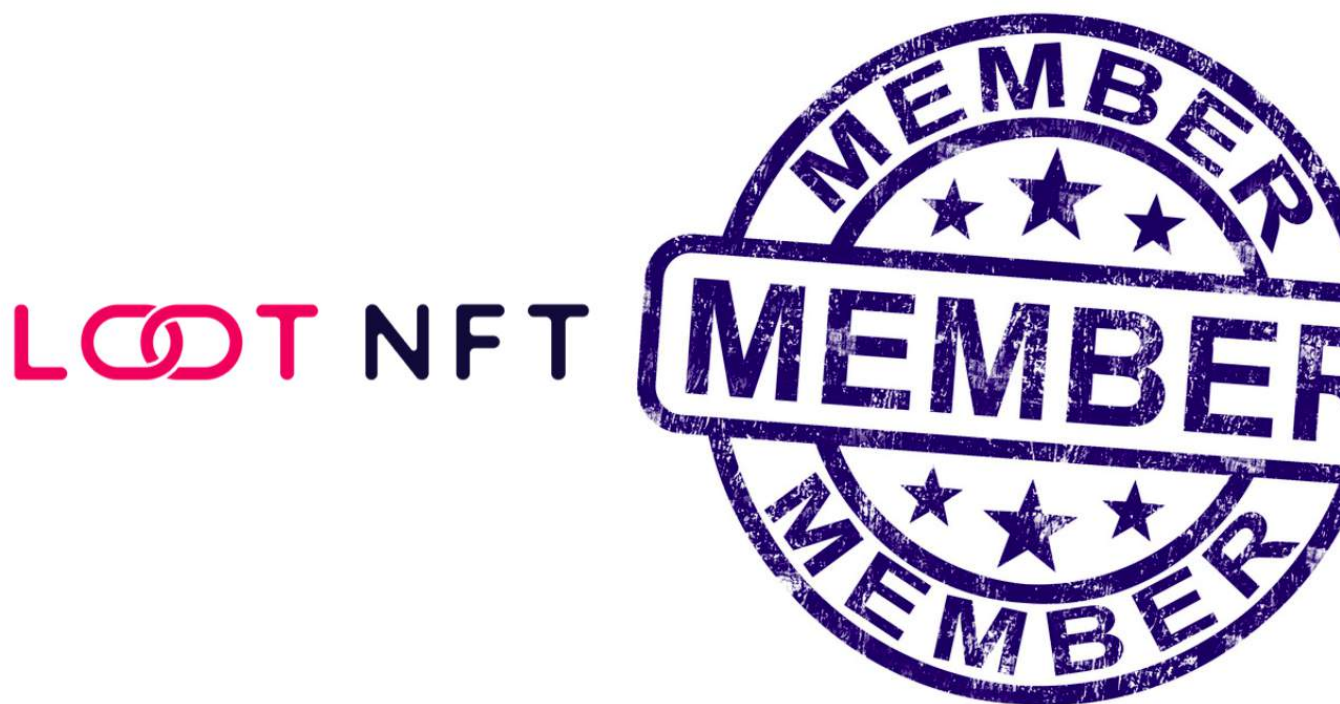


Considerations for the Open Membership Intakes



James Duchenne

Apr 19 · 5 min read



I wanted to pre-empt some questions regarding our membership intake mechanics. While there's nothing unusual about how we're launching Loot NFT, it isn't a complex topic.

A few foundational matters (as of the date of this article):

(a) Loot NFT is an invite-only membership platform. At launch, we have an open e-mail whitelisting period (meaning, anyone can whitelist their email addresses to sign up in the future).

(b) The open whitelisting period ends on June 30, 2021 23:59 UTC and depending on when someone whitelists their email address, they will have access to different benefits. The early-birds get better benefits.

(c) There are 3 sign up stages as follows. People that whitelist their email addresses before:

(i) 30 May 2021 23:59 UTC can sign up between 1–7 June 2021;

(ii) 6 June 2021 23:59 UTC can sign up between 7–30 June 2021; and

(iii) 30 June 2021 23:59 UTC can sign up at any time in the future, but get additional benefits if they sign up between 1–10 July 2021.

(c) A required step of signing up is for members to have BUNs in their account. This means that no one can log in without first buying BUNs.

(d) After 10 July 2021, membership will be by invitation only. To invite someone to join, members must spend 1 BUN (currently) to whitelist their invitees e-mail address. At the time of signing up, our system will check whether, (i) the invitee's e-mail address is whitelisted, (ii) the referrer (person that whitelisted the e-mail address) has at least 1 BUN in their account, and (iii) that there are BUNs available to sell to the invitee. All three checks must be true for the invitee to join.

(e) Members can start inviting others starting 10 July 2021 (00:00 UTC). The KYC, public address whitelisting, and contract signing will also be enabled after that time.

(f) BUNs are limited in number at 500,000,000 BUNs available for purchase in packs of 25 (for 5 USDC). There are no allocations of BUNs for any of the sign up stages, which makes it possible that members wanting to sign up can't do so because we don't have BUNs to sell at that time.

(g) No member can have more than 50,000 BUNs in their account (subject to revisions in the future);

(h) Based on member participation on Loot NFT (i.e., bidding at auctions, etc.), BUNs are sent to the Oven and 80% recirculates back to Loot NFT every Sunday 00:00 UTC

when the Oven redistributes BUNs to the ecosystem. This provides Loot NFT BUNs to sell to members at that time. This also automatically regulates membership intakes over time.

Let's look at some possible scenarios of this design.



“Max” Scenario

All BUNs are sold between 1–7 June 2021.

This means that unless an auction concludes and the Oven redistributes a significant amount of BUNs, very few new members can sign up.

Note: We may introduce a cap on BUN purchasing per member for the stage 1 intake period where this is deemed appropriate. Whitelisted persons will be advised of this on 30 May 2021.

Sign ups in stage 2 and 3 are entirely dependent on the amount of BUNs the Oven distributes during that time. Hence, sign ups may be extremely limited in a “max” scenario or not possible at all. However, those that have whitelisted their e-mail address before 30 June can sign up at any time after the Oven empties (i.e., when Loot NFT has BUNs to sell).

The graph shows a small drop in the circulating supply to account for Oven distributions out of some non-bidding member activities on the platform. At some point, it is expected that an auction concludes and fills up the Oven, which then distributes on Sunday at 00:00 UTC. New people can then buy BUNs to sign up.

Note that while people are signing up after 7 June, members can also buy BUNs as long as their accounts do not reach the maximum account limit of 50,000 BUNs. Why the limit? Simply put, because hyper-concentration of BUNs in the hands of a few affects engagement around NFTs on auction.

“Variant” Scenario

Only a portion of BUNs are sold between 1–7 June 2021. In that case, any whitelisted e-mail address can be used to sign up.

“D-Day” Scenario

Below we look at the effect of D-Day (a theoretical event where all BUNs are locked in the Oven and all members wait for it to redistribute BUNs back into the ecosystem to *log in and participate again*).

Theoretical D-day Event (All activities stop before redistribution)

How likely is a D-day event?

At launch, extremely unlikely. A D-day event is possible when Loot NFT has a large number of users and NFTs on auction.

For example, if there are 20,000 members and 20 NFTs on auction, then an average receipt per NFT is 25,000,000 BUNs (of course, this is a back-of-the-envelope calculation and doesn't take into account members that "hodl" BUNs, and the fact that NFTs will fetch different amounts based on their desirability, etc.). This means an average bid per auction of 1,250 BUNs per member (about 250 USDC per auction). However, the auction timer may stretch the time an auction takes to finish (for example, each 15 second period could have simultaneous bids or one bid at a time while a member waits for the timer to reset before bidding again).

What's to stop members from joining with a number of email addresses?

Nothing although it is against our rules and members that engage in account farming risk suspension or termination. Further, members should know that we require they go through our KYC (Know-Your-Customer) process prior to getting transfers of USDC (for example, as proceeds for an NFT-resale and sales commission for holders of the pioneer badge), sending BUNs into their custody, or transfers of NFTs out of our custody.

Concluding Remarks

Loot NFT is designed as an invite-only exclusive member platform.

As such, the above rules are implemented to self-regulate achieving this specific feature. We're prepared for situations in which all BUNs are sold out in stage 1, the D-day events, or if BUNs take a much longer period of time to be sold from our initial minting. What we focus on is for our members to find value and great engagement.

Completing Sets of Unique NFTs

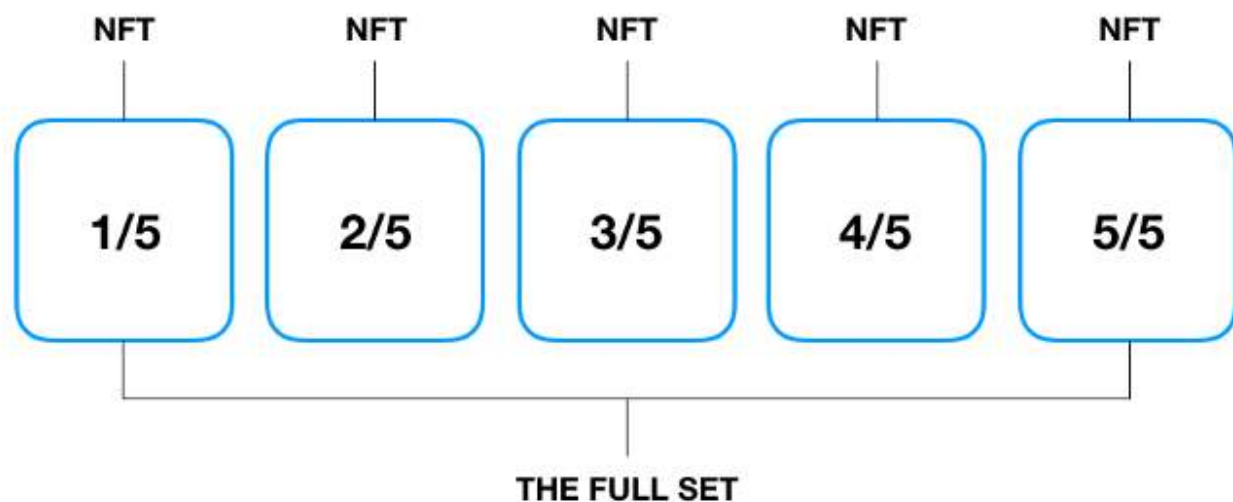


James Duchenne

Apr 20 · 5 min read



Loot NFT introduces the concept of sets, whereby every NFT minted is unique and forms part of a themed collection of 5 NFTs. Collecting NFTs gives cool member rewards and benefits.



Detailed Descriptions

Let's dive in:

(a) All creations minted as NFTs are unique (i.e., there are no duplicates) and give its owner full enjoyment and rights over the creation it embodies. They can be digital only or digitally linked to a physical creation (denoted at the auction with a "P" on the auction card).

(b) Our NFTs fall into the following categories: **artwork** (e.g., paintings, sculptures, or other digital or digital and physical artwork, etc.), **videos** (e.g., music videos, priceless moments, etc.), **historical pieces** (e.g., screen captures, architectural drawings, photos of unique moments in history, etc.), **music or audio files** (e.g., podcasts, audio books, etc.), **models** (e.g., model boats, airplanes, etc.), and **mechanical objects** (e.g., uniquely designed unregistered automobiles, crafts, etc.).

In the future, we may introduce NFTs that can act as virtual keys to unlock benefits in an off-platform virtual ecosystem (such as game credits, travel vouchers, etc.). These may be enduring or one-time use only. If we choose to introduce these NFT virtual keys and when one-time-use-only NFTs are used, they'll be considered spent, but they can still be used to complete sets.

(c) When a **full set** is completed by a member, it unlocks an **amazing mystery gift**. If a **simple majority of a set** is completed by a member, they get a **degree**; this is a status level that grants them more BUN rewards from the Oven (i.e., they get more BUN rewards for their participation than what they would otherwise have obtained without it). A degree obtained is for life, whether or not members resell the NFTs (see (d) below) that were used to achieve it. However, an additional degree can't be obtained from a set if a member previously completed that same set.

Members can collect up to 5 degrees; this forever immortalizes them as they complete the Loot NFT challenge. The weightage for Oven rewards granted under each degree is as follows:

1st degree = 10% additional weightage on your participation volume that gets you more BUN rewards from the Oven (for e.g., if a member has bid 10 BUNs in an auction, they will be treated as if they had bid 11 BUNs — 10% more. This gives them more BUNs out of the Oven since their pro-rata of bids to other members' bids increases).

2nd degree = 20% additional weightage


3rd degree = 40% additional weightage

4th degree = 70% additional weightage


5th degree = 110% additional weightage

Here's some insider info for those that took the time to read our articles: In the future, we may increase the maximum cap of BUNs allowable to members holding a degree by the above percentages (for e.g., 1st degree-maximum per member BUN cap allowable in their account is $50,000 \times 1.10$ (10% additional), or 55,000 BUNs, 2nd degree-60,000 BUNs, 3rd degree-70,000 BUNs, 4th degree-85,000 BUNs, 5th degree-105,000 BUNs).

(d) Members can resell their NFTs at any time to allow other members to complete sets. In this process, they must pass a KYC and background check and agree to Loot NFT's terms (i.e., for Loot NFT to act as a consignee to list the NFT for auction). At the end of the auction they are paid, less Loot NFT's commission, in USDC.



(e) Every NFT on Loot NFT is minted on the Loot NFT by HABN blockchain (LNFTxHABN). This is held in our custody until its owner requests to send it off-platform. At that point, a new NFT is minted on the blockchain of their choice (as listed on Loot NFT) together with the relevant provenance information from LNFTxHABN. The NFT that was previously held in the custody of Loot NFT is burned as the transfer is completed. An NFT that is sent off-platform can't be reintroduced to Loot NFT in the future.



(f) If an NFT is transferred off-platform (i.e., out of Loot NFT's custody) at the request of its owner, the simple majority of the set of NFTs to be completed by members to get a degree reduces by 1.

Here's how to achieve a degree:

3/5 NFTs in a set of 5

3/4 NFTs if there's 4 NFTs remaining

2/3 NFTs if there's 3 NFTs remaining

2/2 NFTs can't be used to achieve a degree but can be used to complete a full set. Both NFTs in the set are called the "*Fortunate Twins*."

1/1 NFTs can't be used to achieve a degree nor complete a full set. This NFT is called the *"Fallen."*

To obtain a mystery gift, a member must complete a **5/5, 4/4, 3/3 or 2/2**. Where a member needs one NFT to complete a full set, that last NFT is called the *"Sucker Punch."* A member holding the Sucker Punch may find it hard to resell that NFT in a battle bidding style since its value is greater to one member as opposed to all other members.

Hence, it may be in the interest of members to watch out when a member has, say a 3 out of 5 in a set, and resell the remaining two NFTs immediately to avoid holding a Sucker Punch. In this example, if a member transfers the Sucker Punch off-platform, a member holding 4 out of 5 immediately gets the mystery gift (since it would be a 4 of 4 at that time). Over time, the NFTs in a set could reduce so that only the Fallen or the Fortunate Twins are left. This, in turn, transfers the attention of members to new creators.

The cycle repeats.

(g) If an NFT that is transferred off-platform is linked to a physical creation in our custody, the owner must take possession of the physical creation within a period of 90 days, failing which the item shall be forfeited (Loot NFT may donate it to a gallery, non-profit, etc.). Shipping cost is born by the owner.



That's it folks! Happy hunting.

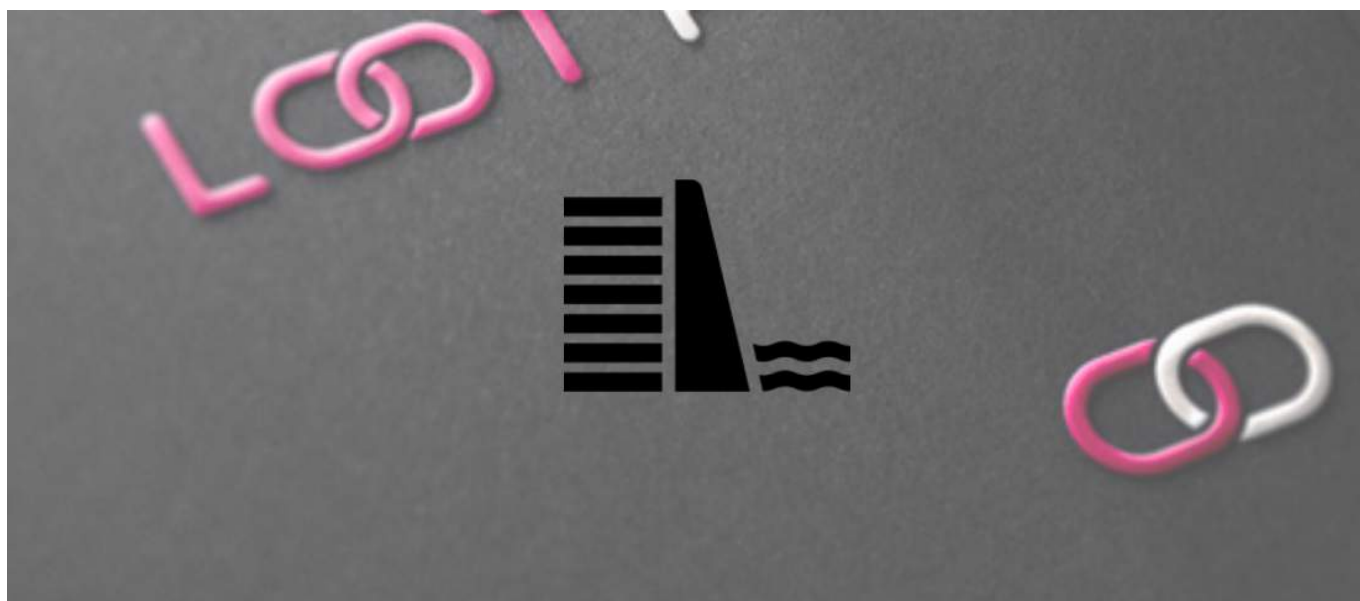
♥ Loot NFT.

BUNs: How They Automate Exclusivity, Active Status, and Membership Intake



James Duchenne

Apr 15 · 3 min read



BUNs are versatile in how they are used. A chameleon of sorts, regulating different parts of membership rules automatically, without headache for members. Here, I go over the simple design that allows us to:

1. Control Membership intake
2. Create an exclusive club
3. Determine if a member is an active member
4. Penalize members for not being an active member

Some Basic Concepts

First, an “active member” is defined as a member that has at least 1 BUN in their Loot NFT wallet (i.e., account).

Second, in a [previous post](#), I described how the Oven (a time-locked wallet) recirculates tokens back to members and Loot NFT. Combining this mechanism with a limited supply of BUNs is key to how the magic happens.

Third, an “open member intake” is defined as a period where members can whitelist their email addresses to participate on Loot NFT. In the future, we’ll introduce other unique digital identifiers (such as a public key), but for the purpose of this post we’ll keep things basic.

Inviting New Members

Outside of open member intakes, the only way for new members to join is for an existing member to spend 1 BUN (currently) to whitelist an invitee’s email address. This fee acts to prevent spamming and to prove membership. Once an email address is whitelisted, the member can then tell their invitee to register. Note that there are no automated email notifications.



Registrations

To join, an invitee clicks on the register link and signs up with their whitelisted email address. At this point, a couple of checks happen. First, the system verifies whether an email address is whitelisted, then it verifies that the referrer’s wallet balance is greater than 0.

This ensures that the referrer is an active member of Loot NFT.

Immediately thereafter, the invitee must purchase BUNs to enter Loot NFT.

Previous Members with no BUNs

When logging in, members with no BUNs in their account (or without at least 1 NFT that they own on Loot NFT - i.e., neither burned nor sold) will be met by a paywall to buy BUNs. It is therefore a good idea that all members always have at least 1 BUN in their account, otherwise they will not be able to enter without first purchasing BUNs. This ensures all members have active status.

But wait...What if Loot NFT has no BUNs to sell?

Good pick up!

Since Loot NFT sells BUNs at the gate (so to speak), combined with the requirement that all members accessing the site must have at least 1 BUN in their account, if Loot NFT runs out of BUNs before the Oven redistributes the BUNs on Sunday at 00:00 UTC, no one without a BUN in their wallet can log in or sign up. They'll have to check back after BUNs from the Oven recirculate back to Loot NFT. This is like a regulating valve that allows members in if they retain their active status, and the flow of new sign ups.

The above creates a self-regulated exclusive club. All with a BUN!

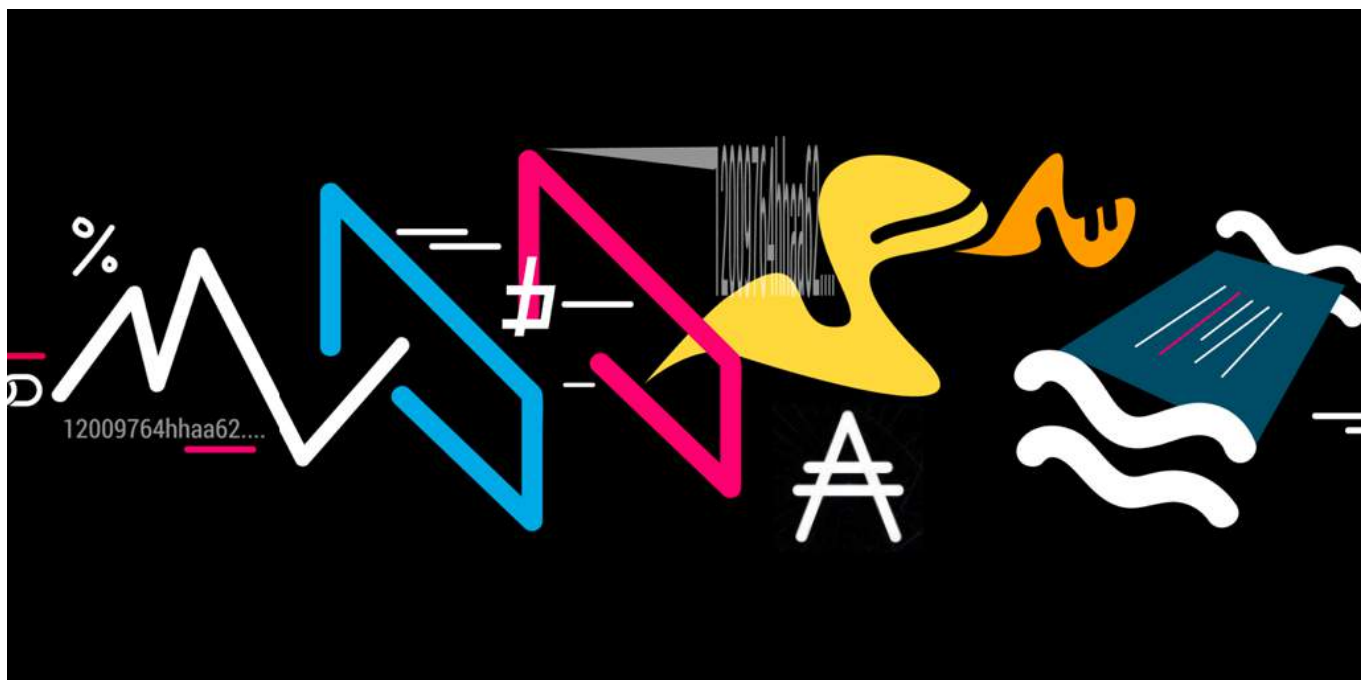
BUNs as Native Assets on Cardano



Suyash Sumaroo

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Apr 15 · 2 min read



The Cardano blockchain ecosystem recently launched a new feature called the Multi-Asset Support Feature which allows developers to create native or custom tokens on Cardano.

Native tokens can be considered to be the equivalent of ERC20 tokens on Ethereum. However, one of the main differences between ERC20 tokens and native tokens on Cardano is that Cardano's native tokens functionality are baked right in the Cardano blockchain and are not based on a separate set of rules defined in a smart contract.

Loot NFT is taking full advantage of this new feature by launching its token (BUN) on Cardano. The Daedalus wallet will also allow ADA users to keep and transfer the tokens directly from their wallets. This presents a major development in the Cardano ecosystem

as it opens the door for more innovative projects, with the creation of custom tokens with different use cases and behaviors.

Cardano native tokens provide an interesting feature called a minting or token policy. This policy allows the setting up of constraints when generating a new token. A minting policy is a script that is pushed to the Cardano blockchain and represents a set of rules or conditions which are used to regulate the minting of assets or tokens.

Loot NFT will use this feature to set up constraints on the minting of BUNs to ensure that there is a limited supply at any point in time. The minting policy uses a time-locking feature which will not allow the creation of additional BUNs, thereby creating a fixed supply or cap on the number of BUNs which will be created and available at any point in time.

For more, see this [FAQ](#).

...

For the crypto-savvy, here's our BUN minting details.

The BUNs were minted in block: **5598205** of the Cardano Blockchain.

Transaction ID:

[3f6d4d75e497bb61b64bbbe68ccdc67aff5802f01c26e63c774494adead52cb4](#)

Minting address: [addr1vy1f0n2p86hcvdwtq3aug2phczllw6as0h0sz9kzvf02wucg4dkj3](#)

Policy ID: 371a73cf95f223953911c3439e77f6cfde6874ecc6d3b9953f6085a2

Asset ID: asset1wgallfzmkapmr435luysm27mfm2t423tnrv70q

Asset Name: 42554e

Address | Cardano Explorer

Cardano is a software platform ONLY and does not conduct any independent diligence on or substantive review of any...

explorer.cardano.org

For audit purposes, Loot NFT's BUNs are found at these addresses:

(1)[addr1q9c3vtmkyktuwm522hdjcua705kwz08uhsgu7l5k4dxz6hj7z3vh9qnlzg38mk2nfd](#)
[dfvn6pvyaq484kzyvr0key23rs37jfl6](#) for **301,000,000 BUNs**.

(2)[addr1q9hfjz279t8s0vqy7eazsf6sshdncppqt87yvljj6a37c9z7z3vh9qnlzg38mk2nfddfn6](#)
[pvyaq484kzyvr0key23rsmxac4w](#) for **100,000,000 BUNs**.

(3)[addr1q89jn7fwt5sdfzmk5856keshfe44mclz045darwd3j6ua3j7z3vh9qnlzg38mk2nfddf](#)
[vn6pvyaq484kzyvr0key23rs2p2nse](#) for **99,000,000 BUNs**.

...

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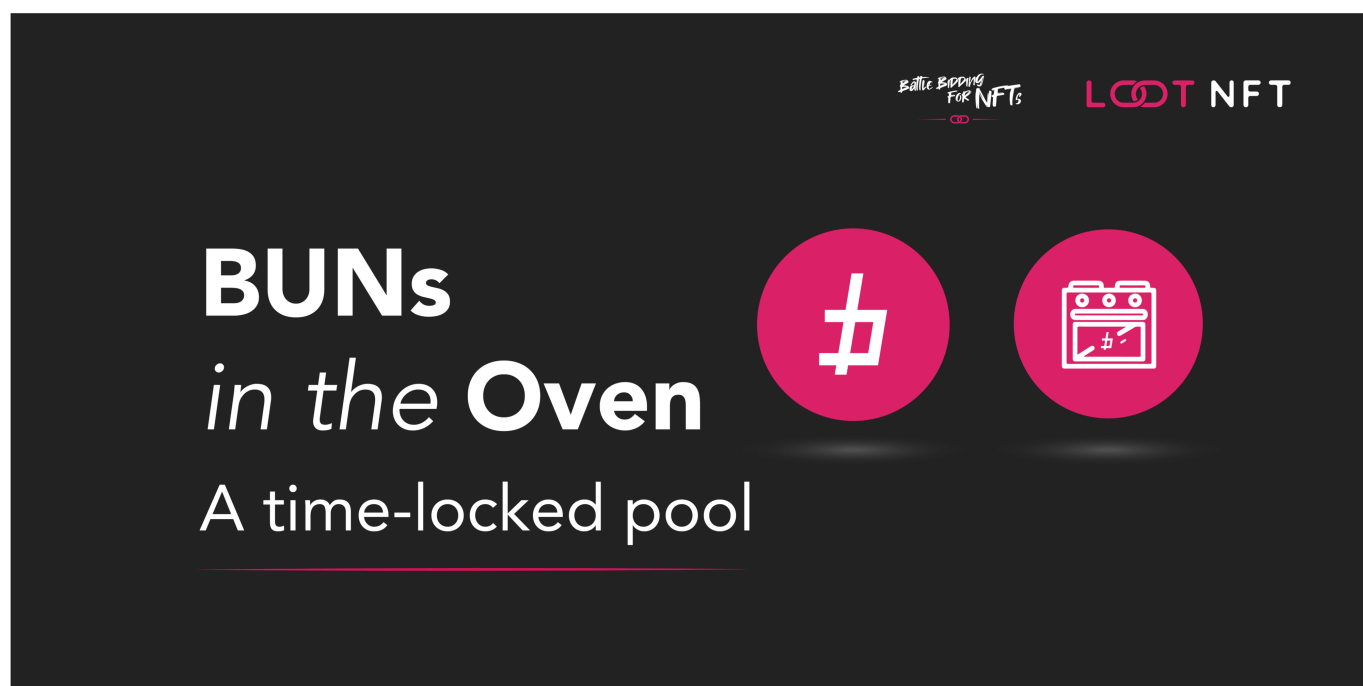


BUNs and the Oven



James Duchenne

Apr 14 · 2 min read



One of the innovations in Loot NFT is the use of a token lockup wallet called the Oven. Loot NFT uses a cryptographic token called the BUN (short for “Bid Unit”) that are limited in number (500m) and are used by members to battle bid in auctions or to redeem services and benefits.

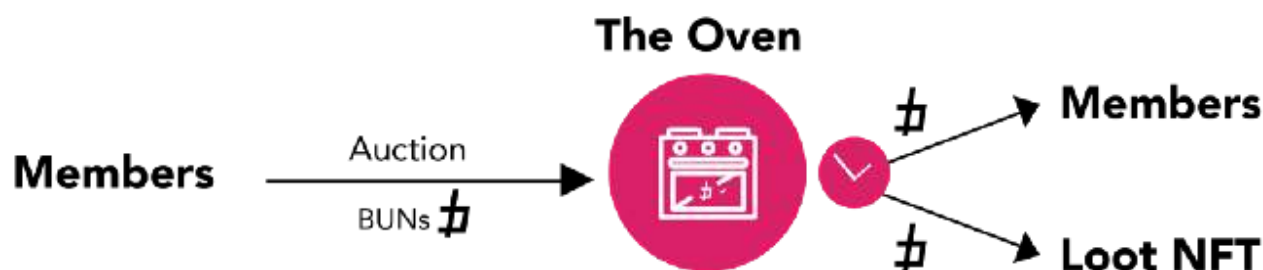
Loot NFT does not have any advisor or team allocations, no free distributions, or company reserves. The tokens used in an already functioning platform to bid for NFTs from creators or resellers (here, for simplicity we’ll call them “Suppliers”) from around the world.

As explained in my [first article](#), in a battle bidding scenario, members bid one BUN at a time, which goes toward the tally of the receipts for the item on auction. If a bid is

received in the last 15 seconds, the timer resets to 15 seconds. The last member to bid when the timer reaches 0, gets the NFT. The proceeds from the auction are split between the Supplier and Loot NFT.

Presumably, an auction could last hours, days, or even weeks.

When BUNs are used by members (e.g., to bid), they are sent to a time-locked wallet (called, the Oven); bids from an auction are sent to the Oven when the auction concludes. The Oven distributes BUNs it collects weekly every Sunday at 00:00 UTC with 20% as rewards to members based on the level of their participation, and the other 80% to Loot NFT to sell back to members. To note, each BUN has a fixed rate of 0.20 USDC (a stable cryptocurrency pegged to the US\$).



A simple overview of BUNs going into the Oven; all BUNs spent on Loot NFT goes to the Oven.

The combination of a limited supply of BUNs and the time-lock wallet makes for very interesting “what ifs.”

One scenario which our team calls **D-Day**, begins when all BUNs are in the hands of members, trapped in an auction or in the Oven. As bidding continues, members must bid strategically.

Over time there are fewer and fewer BUNs in circulation. There is a theoretical point where all BUNs are locked in the Oven and everyone (including Loot NFT) wait for the Oven to redistribute BUNs to restart activities; i.e., no one but the Oven has the BUNs.

Hint: This is not a bug, it’s a feature.

How likely is it to happen? We think it is highly unlikely. But who knows, we'll have to wait and see; weirder things have happened.

Can you think of any other scenarios?

❤️ Loot NFT

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BUN Rewards from the Oven



James Duchenne

Apr 14 · 2 min read



In my [previous post](#), I talked about how the Oven was a time-locked wallet that distributes BUNs every Sunday at 00:00 UTC. 20% of the BUNs in the Oven go to reward members for their participation on Loot NFT.

Each member gets a share of those rewards as follows:

(a) We calculate the total amount of BUNs a member has spent in auctions *to date* (this calculation is made 24 hours before the release of the Oven; i.e., each Saturday 00:00 UTC), and divide that by the total amount of BUNs spent by all members in all auctions *to date*. We then multiply that percentage by 10% of the BUNs in the Oven. This acknowledges the long-term participants of Loot NFT.

(b) The same calculation as in (a) is done for BUNs spent by members in auctions *since the last Oven distribution* (i.e., 7 days, 00:00 UTC Saturday through the following Saturday). We call this the Eddie Murphy special or the “what have you done for me lately.”

For the math people, it looks a little like this:

$$\frac{\text{Member Bids}_{t=0 \rightarrow t=n}}{\text{All Member Bids}_{t=0 \rightarrow t=n}} \times 10\% \text{ of Oven} = \text{BUN Reward}_{\text{Round Down}}$$

Where n = 00:00 UTC Saturday, 24 hours before Oven distributions

and $t = 0$ refers to (a) from the day the member joins or (b) 7 days before 00:00 UTC Saturday

For Every Week,

20% of Oven - BUN Reward All Members -> Next Oven

In the case of fractionals, we round down to the nearest whole number and any leftover BUNs are added to the Oven for the following week’s distribution.

Easy peasy, right?

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Bidding vs. Battle Bidding



Lance Baker

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Apr 17 · 3 min read



Auctions and auction mechanics have been around for a long time, possibly dating back to over 2,000 years ago. The highest bidder on an item always wins, which leads the person with the deepest pockets getting the most in-demand items while the rest are fed with the scraps.

Since the beginning, auctions have come in several variants, for example, silent auctions, candle auctions, online auctions, charity auctions, reverse auctions, dutch auctions, penny auctions, etc. All of these include unique auction mechanics with their pros and cons.

Typical artwork auctions include a closed community of creators, critics, gallerists, marketers and deep pocketed bidders. Auction prices are not only very subjective

because of this elitist approach, but traditional auction mechanics also ensure that the winners are those that are at the intersection of want and highest net worth.

The unique game mechanics of the Loot NFT platform level the playing field for creators and bidders alike. Loot NFT is an invite-only membership platform that uses a native token called a BUN (Bid Unit). Unlike all other auctions, there is a limited supply of 500 million BUNs. This greatly enhances the user experience with increased levels of entertainment and engagement while maintaining the exclusivity of membership. It also allows those with a small holding of BUNs to compete against those with larger balances.

Members join a time-limited auction by spending 5 BUNs (note that this doesn't apply to a resale auction, i.e., where a member wins an NFT and re-lists it for auction). This gives them the right to bid for NFTs in the "Battle Bidding Arena."

Battle Bidding is the process of competing for an NFT in a pay-to-bid auction with other members by bidding one BUN at a time. Members can't outbid themselves and each bid used is debited from their account whether or not they end up winning. Any bids coming through in the last 15 seconds reset the timer back to 15 seconds. The last person to bid when the counter reaches zero gets the NFT.

The amount to join an auction doubles when there's 6 hours left on the original auction timer, then keeps doubling every 6 hours thereafter. Members can no longer join in that auction after 78 hours after the doubling of the fee starts (i.e., they're locked out).

Why? Members can only have a maximum cap of 50,000 BUNs at any one time in their account (after 78 hours the cost to join in an auction is a staggering 40,960 BUNs, meaning that after another 6 hours the joining cost would be greater than 50,000 BUNs, thus locking them out).

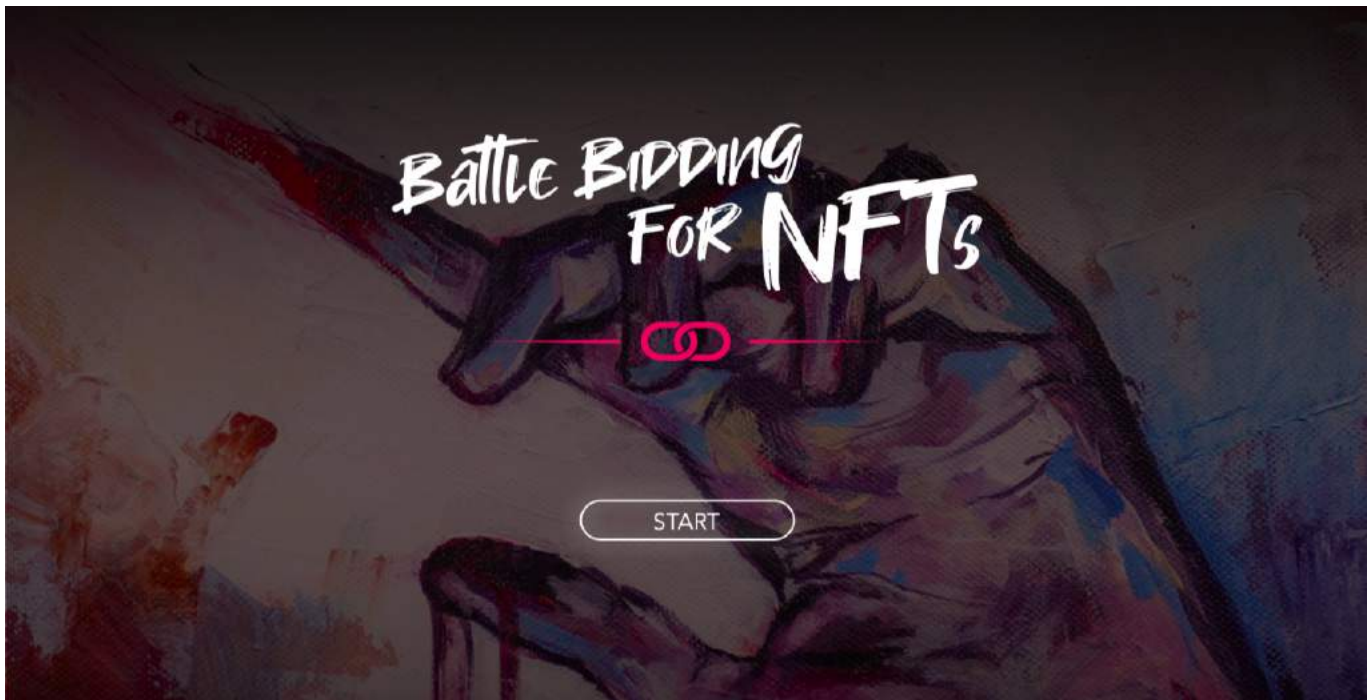
However, in the bigger picture, BUNS work in perfect harmony with the Oven to regulate and govern member behavior within the Loot NFT ecosystem. If you want to dive deeper into the synergistic game mechanics of the BUNS and the Oven, check out [this post](#) and [this one](#).

A Behavioral Science Experiment



James Duchenne

Apr 17 · 4 min read



There's a note at the start of the Loot NFT white paper: "Loot NFT introduces game mechanics that are untested and should be treated as an experiment. Members' behavioral responses could be different from what we expect."

Those familiar with our business believe that statement relates to how we incentivize people to participate at auctions (for e.g., the impact of: having limited tokens, the lock-up wallet, the paywall, unlocking status levels by collecting sets of unique creations, etc.).

Yes that's gamification; and no, that's not what our statement refers to.

To understand the true scope of our experiment, we need to dig a little deeper into free market dynamics (in particular, the tug of war between members that play by the rules and those that do not).

The Bitcoin Gamble

There is no question that Bitcoin is a technological tour de force. However, I believe its true groundbreaking innovation is how it uses game mechanics to create a system where the incentives for participants to act honestly in its network far outweigh dishonest participation.

For e.g., take a single mining pool approaching 50% of the network's hashing power. This can cause bitcoin's value to drop due to a collective fear of a 51% attack (i.e., doubt that the network's security could be compromised). That result is obviously against the interest of miners in that pool who get paid in bitcoin. To prevent this, they leave to join another pool with less hashing power, resulting in removing the FUD and restoring market confidence.

This self-equilibration is bold in its assumption that the human crowd reacts in a highly predictable manner under certain conditions. Bitcoin uses powerful motivators (i.e., greed, excitement, etc.) to manufacture machine-like input from humans, much like a mechanical item can form part of and control the performance of an engine; without it the engine blows, and without the engine, it is useless.

My fascination with bitcoin since 2013 was in part due to my realization that for the first time humans were working for a “living machine,” instead of other humans. Yet, at the start, bitcoin's long-term success was far from a forgone conclusion; it was an experiment (and some say, it still is).

The Loot NFT Thesis in a Decentralized Environment

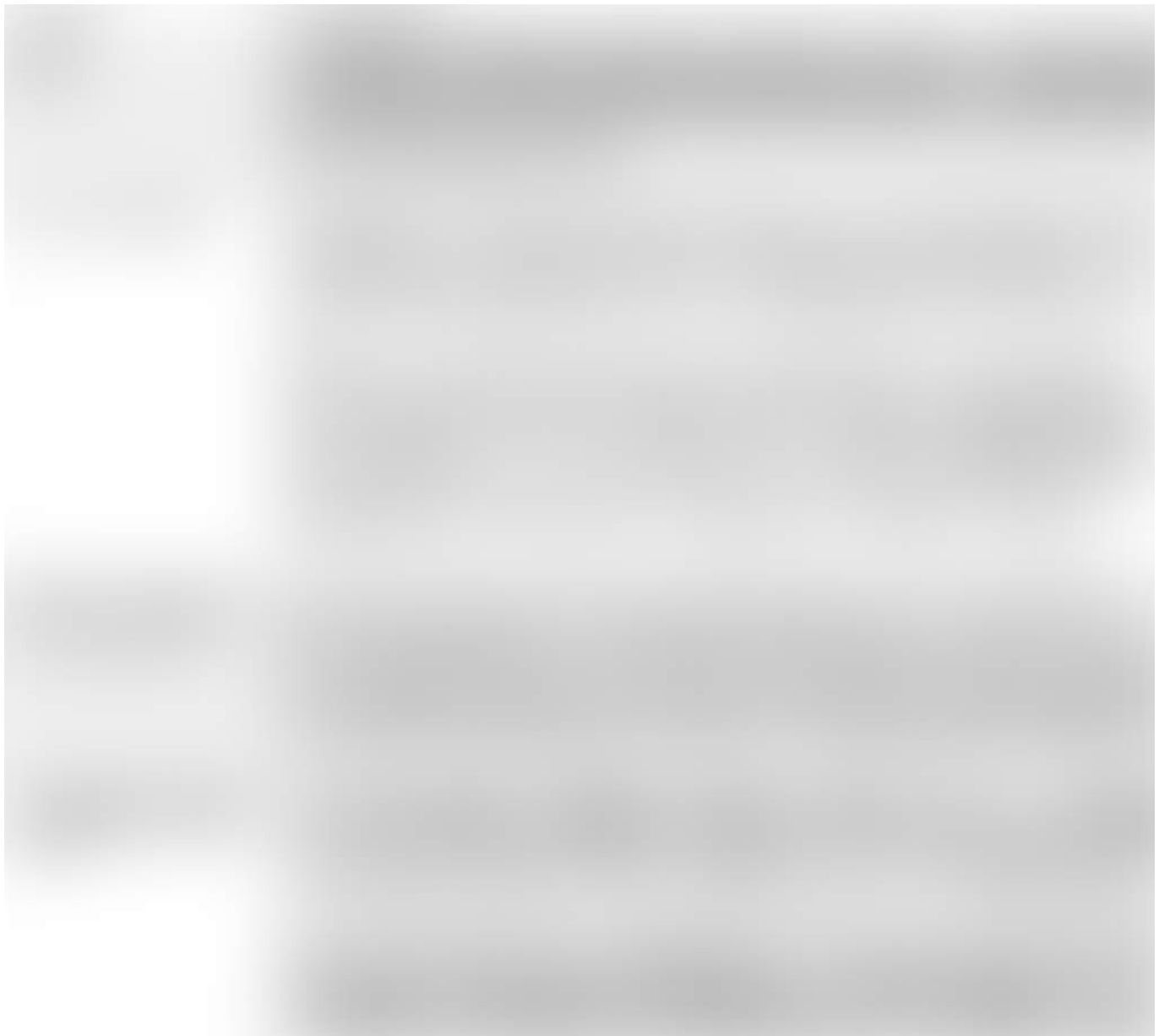
To grasp Loot NFT's challenge, consider the following theoretical exercise. Here, I assume that the reader is familiar with the BUN as a cryptographic token, the Oven (i.e., time-locked escrow wallet), and how blockchain wallets and peer-to-peer transfers work.

(a) *Sink the ship scenario while in the ship.*

Let's assume an extreme case where bad actors want to destroy Loot NFT by removing all BUNs from circulation. One possible attack vector for them is to acquire a significant amount of the total circulating supply of BUNs and send them to an un-spendable address or to an address they control with no intention of participating on Loot NFT. Due to the limited supply of BUNs, this would bring member activities to a grinding halt.

Note: In a decentralized system, a series of smart contracts manage member activities and interactions. Once those contracts launch, they can't be changed (assuming an editing functionality isn't part of the code) — i.e., they live forever, in that state, on the blockchain in which they were created.

Let's look at the roadblocks to achieve this:



Bad actors must spend a lot of energy and money in this attempt all while being aware that the members have the power to switch to a new BUN2 token, rendering the scheme useless. In fact, it would be significantly more advantageous for them to use these BUNs to obtain and re-list NFTs.

(b) Peer-to-Peer Transfers

Two types of peer-to-peer transfers considered: (i) transfer of NFTs, and (ii) transfer of BUNs. Peer-to-peer transfers are defined as activities outside of the Loot NFT ecosystem. I'll address these both in turn.


(b-i) Peer-to-Peer NFT Transfers



The choice of transferring NFTs peer-to-peer should therefore be assessed on where their values are best preserved.

(b-ii) Peer-to-Peer BUN Transfers





As incentives for members to participate in activities rise and fall, the theory is that the desirability for peer-to-peer BUN transfers (and “Hodling”) would auto-adjust in cycles.

(c) Concluding Remarks

Loot NFT is an experiment in game mechanics to control a crowd's action to bid at auctions in a decentralized network; this can result in valuable NFTs irrespective of the present popularity of its creator. The above is what we expect based on assumptions we made. It may or may not be the outcome.

Let us know if you can think of other *Factor-Descriptions*? First, that would help us get better at what we do, and second, we can publish our answers in an article so others can be informed as well.

♥ Loot NFT.

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