KARMA COIN

$KARMA

Technical Whitepaper

Version 1.0 — Draft

"What goes around, compounds around."

1. Abstract

Karma Coin ($KARMA) is a decentralised utility token built on Solana, designed to align incentives between protocol participants through a reciprocal value-flow mechanism. The protocol rewards long-term holders, liquidity providers, and governance participants while programmatically disincentivising extractive behaviour via a novel "Bad Karma Burn" mechanism.

This whitepaper outlines the protocol architecture, tokenomics, governance framework, vesting schedule, security model, and phased launch strategy for Karma Coin. Total supply is fixed at 1,000,000,000 KARMA with no inflationary mint post-TGE.

2. Introduction

2.1 The Problem

The majority of DeFi tokens share a structural flaw: they reward mercenary capital. Tokens are distributed at launch to actors whose incentive is to extract maximum value and exit, leaving illiquid markets, abandoned protocols, and retail participants holding depreciated assets. The sector lacks mechanisms to distinguish between participants who generate long-term value and those who extract it.

2.2 The Karma Principle

Karma Coin introduces a protocol-level framework where on-chain behaviour determines reward outcomes. The core thesis is simple: participants who contribute consistently to the health of the ecosystem — through staking, liquidity provision, governance participation, and long-term holding — receive compounding returns. Those who exit rapidly or attempt to manipulate the protocol trigger automatic penalty mechanisms.

2.3 Design Goals

- Deflationary token supply through algorithmic burn mechanisms
- Long-term holder rewards through the Karma Multiplier system
- Protocol-owned liquidity to reduce dependence on mercenary LPs
- Fully on-chain governance with timelocked execution
- Regulatory-conservative design with utility-first token architecture

3. Token Specifications

Token Name	Karma Coin
Ticker Symbol	$KARMA
Blockchain	Solana (primary) with EVM bridge (Ethereum, Base)
Token Standard	SPL Token (Solana Program Library)
Total Supply	1,000,000,000 KARMA (fixed, no inflation)
Decimals	9
Launch Model	Fair Launch + Liquidity Bootstrap Auction
Governance	On-chain DAO via governance module (post-TGE Month 6)
Smart Contract	Audited by two independent security firms pre-TGE

4. Tokenomics

4.1 Token Allocation

Allocation	%	Tokens	Cliff	Vesting
Community & Ecosystem	**35%**	350,000,000	None	5% TGE; linear 36m
Liquidity Pool	**20%**	200,000,000	None	100% TGE (LP locked 12m)
Team & Advisors	**15%**	150,000,000	12m	Linear vest 24m
Treasury / DAO	**15%**	150,000,000	None	5% TGE; linear 48m
Protocol Incentives	**10%**	100,000,000	None	Linear vest 48m
Presale / Seed	**5%**	50,000,000	6m	Linear vest 18m
TOTAL	**100%**	**1,000,000,000**		

4.2 Transaction Tax Mechanism

Karma Coin implements a two-tier tax structure applied to on-chain swaps through integrated DEX routers:

Buy Tax: 2%

- 1% directed to Protocol Treasury
- 1% distributed to active stakers in the current epoch

Sell Tax: 4%

- 2% used for automated Buy & Burn (reduces circulating supply)
- 1% added to Protocol-Owned Liquidity pool
- 1% directed to Community Ecosystem Fund

4.3 Karma Multiplier

The Karma Multiplier is a loyalty incentive applied to staking rewards based on continuous hold duration:

Hold Duration	Staking APR Multiplier
< 90 days	1.0x (base rate)
90 – 179 days	1.25x
180+ days	1.50x

4.4 Bad Karma Burn

To disincentivise whale manipulation and coordinated dump activity, Karma Coin implements the Bad Karma Burn: any single wallet moving more than 2% of total circulating supply within a 60-minute window triggers an additional 5% burn on the transaction output. This mechanism is enforced at the smart contract level and cannot be bypassed by front-running or MEV extraction on Solana's deterministic block structure.

5. Token Utility

5.1 Governance

$KARMA is the native governance token of the Karma DAO. Token holders may submit and vote on protocol proposals including treasury deployment, parameter changes, fee adjustments, and ecosystem grants.

– 1 KARMA = 1 vote; staked KARMA carries 2x voting weight
– Proposal submission threshold: 500,000 KARMA
– Voting period: 72 hours with 48-hour timelock on execution
– Full DAO transfer at Month 6 post-TGE

5.2 Staking

Karma Coin offers single-sided staking with no lockup period. Stakers receive protocol tax revenue plus base inflationary rewards from the Protocol Incentives allocation.

– Base APR: 12–18% (dynamic, adjusted by governance each epoch)
– Epoch duration: 7 days
– Karma Multiplier applied based on continuous wallet hold duration
– No exit penalty — unstake at any time

5.3 DeFi Access Tiers

Tier	Hold Requirement	Benefits
Standard	10,000 KARMA	Private yield vaults, boosted LP rewards, governance fast-track
Standard	10,000 KARMA	Private yield vaults, boosted LP rewards, governance fast-track
Karma Elite	100,000 KARMA	Private yield vaults, boosted LP rewards, governance fast-track

6. Launch Roadmap

Phase 0 — Stealth Build (Weeks 1–6)

- Two independent smart contract audits commissioned
- Tokenomics stress-testing and Monte Carlo supply modelling
- Core team formation; advisor agreements signed with cliff/vest terms
- Private Discord and Telegram seeded with early community
- Website and whitepaper drafted

Phase 1 — Community Seeding (Weeks 7–10)

- Public Discord and Twitter/X launch with content calendar
- Whitepaper published; AMA series with founding team
- Testnet deployment with community bug bounty program
- Crypto-native KOL outreach (no paid promotion)
- Strategic seed wallet waitlist opened

Phase 2 — Token Generation Event (Week 11)

- Fair launch on Raydium (Solana); no bot-accessible presale
- LP locked via Streamflow at TGE; 12-month on-chain lock
- Staking pool activated simultaneously with TGE
- Community airdrop executed for testnet participants
- CoinGecko and CoinMarketCap listing applications submitted

Phase 3 — DeFi Expansion (Months 3–6)

- Jupiter and 1inch aggregator integrations completed
- First governance vote: treasury deployment strategy
- KARMA-SOL LP incentive campaign launched
- EVM bridge deployed to Ethereum mainnet and Base
- Tier 2 CEX listings targeted; Tier 1 outreach commenced

Phase 4 — DAO Handoff (Month 6+)

- Full protocol governance transferred to on-chain DAO
- Multi-sig treasury replaced by timelocked governance module
- Ecosystem grant program launched from Treasury allocation
- Protocol revenue sharing activated for stakers
- V2 tokenomics proposal submitted to DAO for vote

7. Security & Risk Framework

7.1 Smart Contract Security

All Karma Coin smart contracts undergo dual independent audits prior to mainnet deployment. Contracts are open-sourced and verified on-chain. Post-launch, a continuous bug bounty program is funded from the Community Ecosystem Fund with rewards tiered by severity (Critical: up to 500,000 KARMA; High: 100,000 KARMA; Medium: 25,000 KARMA).

7.2 Liquidity Security

Protocol-Owned Liquidity (POL) is prioritised over mercenary LP incentive structures. The initial 200,000,000 KARMA liquidity allocation is locked on-chain at TGE for 12 months, then transferred to DAO control. This eliminates the rug-pull vector common to team-controlled LP positions.

7.3 Governance Security

All governance actions are subject to a 48-hour timelock, preventing flash governance attacks. Proposal quorum requirements scale with the magnitude of protocol changes. Emergency pause functionality is available to the multi-sig during the first 6 months, after which it is transferred to a DAO-controlled guardian contract with a supermajority threshold (66.7%).

7.4 Regulatory Posture

Karma Coin is structured as a utility token with no promise of profit. The protocol does not offer securities, and no fundraise is conducted from US persons. A legal opinion on token classification is obtained prior to TGE. The protocol frontend implements geographic access restrictions in compliance with applicable law.

8. Legal Disclaimer

This whitepaper has been prepared for informational purposes only. It does not constitute an offer to sell, or a solicitation of an offer to buy, any tokens or securities in any jurisdiction. Karma Coin is a utility token designed for use within the Karma protocol ecosystem.

Participation in the Karma Coin ecosystem involves significant risk. The value of $KARMA may fluctuate substantially and participants may lose all of their contribution. Past performance of similar protocols is not indicative of future results. This document has not been reviewed or approved by any regulatory authority.

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