The $Pengo brief. V1.1

Narrative:

Rising from the Ashes of Hyperinflation

The history of fiat currencies is littered with catastrophic failures, where unchecked monetary policies led to economic ruin and societal upheaval. The Weimar Republic's mark in 1923 saw prices soar so rapidly that workers were paid twice daily to spend wages before they lost value. Zimbabwe's dollar in the 2000s reached a point where a single egg cost billions, with inflation peaking at 79.6 billion percent monthly. Venezuela's Bolívar, collapsing since 2016, hit 1.7 million percent inflation by 2018, forcing citizens to carry stacks of cash for basic goods. But perhaps the most staggering example is the Hungarian Pengő, which, between 1945 and 1946, suffered the worst hyperinflation in recorded history, with prices doubling every 15 hours and a monthly inflation rate of 41.9 quadrillion percent. These disasters—born from excessive money printing, centralized mismanagement, and economic devastation—highlight the fragility of fiat systems. At Inflationary Coins, we've studied these failures, including the Pengő's collapse, to design a cryptocurrency ($Pengo) that avoids such pitfalls through deflationary principles, ensuring stability and trust.

The Lessons of Hyperinflation: The Pengő's Collapse and Beyond

The Lessons of Hyperinflation: The Pengő's Collapse and BeyondThe Hungarian pengő, introduced in 1927 to stabilize Hungary's economy after the korona's inflation post-World War I, was initially a beacon of hope, pegged to gold and considered one of Europe's most stable currencies. However, World War II decimated Hungary's economy, with 90% of industrial facilities damaged and infrastructure in ruins. The government, under pressure to fund war reparations and rebuild, resorted to rampant money printing. By July 1945, the currency in circulation was 25 billion pengő; by July 1946, it ballooned to 47 septillion pengő. The pengő's value plummeted: in 1927, 5.26 pengő equaled one US dollar, but by June 1946, it took 460 trillion trillion pengő to match a single dollar.

To cope, Hungary issued increasingly absurd denominations: the milpengő (million pengő), then the b.-pengő (billion pengő), culminating in the 100 quintillion pengő banknote (10^20),

the highest denomination ever circulated. A kilogram of bread, costing 6 pengő in August 1945, soared to 5.85 billion pengő by June 1946. The adópengő, introduced in 1946 as an inflation-indexed tax currency, failed to stem the tide, with its value dropping to 2 sextillion regular pengő by July. By August 1946, the total value of all pengő banknotes in circulation was worth just one-thousandth of a US cent, forcing a currency reform where 400 octillion pengő (4×10^29) equaled one forint.

Like the Weimar mark, Zimbabwean dollar, and Venezuelan bolívar, the pengő's collapse stemmed from centralized control and unrestrained money creation, exacerbated by war and economic devastation. These cases reveal a pattern: fiat currencies, when mismanaged, erode trust, destroy savings, and destabilize societies. Inflationary Coins is built to avoid these failures by embracing decentralization and deflationary tokenomics with the $Pengo token with a supply of 100 quintillion $Pengo at start (the highest denomination ever circulated)

A Deflationary Antidote to Hyperinflation

Drawing lessons from the pengő and other hyperinflationary disasters, $Pengo is engineered to prioritize scarcity, transparency, and resilience. Our cryptocurrency counters the flaws of fiat systems with the following features:

- Fixed Supply Cap: Unlike the pengő, which saw its supply explode from 25 billion to 47 septillion in a year, $Pengo has a hard cap of 100 quintillion tokens, hardcoded into our blockchain. This mirrors Bitcoin's 21 million coin limit, which has proven effective in maintaining scarcity and value over time.
- Token Burning Mechanism: To emulate the scarcity lost in hyperinflationary systems, $Pengo implements regular token burns, inspired by Binance Coin (BNB), which has reduced its supply by 20% since 2017. A portion of transaction fees and ecosystem profits is used to buy back and burn $Pengo sending them to an inaccessible address, ensuring a gradually decreasing supply. Clear financial targets are defined and hitting these targets results in coordinated burns and whenever the project moves to a new phase of the project the total supply is reduced significantly.
- Halving Events: Every year, $Pengo's reward distribution amounts are reduced, slowing freely distributed coins. This mechanism, akin to Bitcoin's halving, enhances scarcity without compromising network utility.
- Decentralized Governance: The Pengő's downfall was tied to centralized control, with the Hungarian National Bank printing money to meet government demands. $Pengo operates on a decentralized blockchain governed by a DAO, where community stakeholders vote on key decisions, preventing arbitrary supply changes and fostering transparency.
- Utility-Driven Ecosystem: $Pengo will power a robust ecosystem of DeFi platforms, NFT marketplaces, and dApps, ensuring practical use while maintaining scarcity. Unlike the pengő, which became worthless for transactions, $Pengo balances usability and value preservation, avoiding the hoarding issues of extreme value deflation.

Why Deflation Works

The pengő's hyperinflation, like that of the Weimar mark, Zimbabwean dollar, and Venezuelan bolívar, showed how excessive money supply destroys value. $Pengo's deflationary model ensures the opposite: a controlled, diminishing supply that increases intrinsic value over time. Bitcoin's rise from cents to tens of thousands of dollars demonstrates the power of scarcity-driven tokenomics. Similarly, $Pengo's burns and halving events create a predictable, transparent system that contrasts with the chaotic printing of pengő notes, which escalated from 1,000 to 100 quintillion in just two years.

By learning from the pengő's failure—where lack of supply control and centralized mismanagement led to economic collapse—$Pengo offers a currency that resists devaluation and empowers users. Our deflationary approach ensures that, unlike the pengő, which rendered savings worthless, $Pengo incentivizes long-term holding while supporting a functional economy. The token taxation ensures a growing bag of $Pengo for the community just by holding the token.

Vision

To create a dynamic, user-centric ecosystem on the COTI blockchain that incentivizes active participation and engagement by distributing deflationary tokens as rewards, fostering long-term value appreciation and network growth. By leveraging airdrops tied to on-chain activity, the project aims to enhance user loyalty, drive adoption, and spotlight the COTI chain's scalability, privacy, and payment-focused capabilities, positioning it as a leading infrastructure for decentralized finance and Web3 applications.

Key Elements of the Vision:

- Rewarding Active Users: The project prioritizes rewarding users who actively engage with the COTI ecosystem—such as through transactions, staking, governance, or participation in DeFi and payment applications. Rewards are distributed via airdrops, ensuring users benefit directly from their contributions to network activity.
- Deflationary Token Mechanism: The airdropped tokens are designed with deflationary properties through mechanisms like token burning and taxation of transactions. This aims to increase token scarcity over time, enhancing value for holders and incentivizing sustained engagement.
- Driving Attention to COTI Chain: By tying rewards to on-chain activity, the project showcases the COTI blockchain's strengths, such as its high transaction throughput (up to 100,000 TPS), low fees, and privacy features powered by Garbled Circuits in COTI V2. This strategy highlights COTI's role as a scalable, privacy-centric Layer 2 on Ethereum, attracting developers, merchants, and users to its ecosystem.
- Community Empowerment and Decentralization: The vision aligns with COTI's gradual decentralization goals, empowering users through governance (e.g., via gCOTI tokens) and rewarding participation in network activities like staking or node operation. Airdrops serve as a tool to distribute value equitably, encouraging a community-driven ecosystem.

- Ecosystem Growth and Adoption: The airdrop campaign draws attention to COTI's unique offerings, such as its architecture, privacy, support for custom tokens, and partnerships (e.g., Cardano's Djed stablecoin). By rewarding active users, the project aims to boost network usage, liquidity, and developer interest, cementing COTI's position in Web3 and DeFi.

Why This Vision Matters:

This approach aligns with COTI's mission to provide a scalable, secure, and user-friendly payment infrastructure. By rewarding active users with deflationary tokens, the project creates a self-reinforcing cycle of engagement, value appreciation, and network visibility, positioning COTI as a competitive player in the blockchain space.

Phases

The $Pengo token project consists of three phases:

- Initiation phase
  Establish the project, get the word out, become noticed
- Establishment phase
  Build the foundation for the future through solid structure, different pairs and partnerships.
- Flywheel
  Reduce supply and boost value through continuous buy back and deflation of supply

Initiation Phase

1. Build liquidity in the $COTI - $PENGO pair on Carbon. Target minimum: 100k $COTI TVL
2. Build a holder base - Target 2500 Holders
3. Create transactions - Target 10k transactions
4. Create value - Target token price 0.0(12)5 $COTI
5. Build treasury for later use - Target 5k COTI
6. Increase $Pengo in circulation - Target 250 Quadrillion $Pengo in circulation

Liquidity and Treasury build (1+5):

- Using current project members private treasury revenue to buy $Pengo tokens from the market and fill the $Pengo - $COTI strategy
- Sell $Pengo back into market at 70-80% volume of last buy with the Inflationary Coins wallet.
- Use 75% of revenue to add to the $Pengo - $COTI strategy
- Add 25% to treasury.
- Create an NFT of this brief and sell for 10 $Pengo to drive further revenue for liquidity and treasury build.

This ensures slow creating of liquidity while creating a Inflationary Coins treasury.

Holder Base (2):

- Airdrop $Pengo tokens daily to transaction creating wallets
- Airdrop $Pengo tokens daily to wallets making token transfers
- Airdrop $Pengo tokens to all NFT holders on COTI chain
- Airdrop $Pengo tokens to users of faucet on testnet
- Airdrop $Pengo tokens to all ERC20 token holders
- Set up a COTI tipping bot for distribution to active people in COTI Telegram channels. (Phase2)

Create transactions (3):

- Airdrop $Pengo tokens regularly
- Create arbitrage opportunities by having several strategies live in Carbon for arbitrage purposes.
- Set up COTI tipping bot. (Phase 2)

Create Value (4):

- Buy continuous more $Pengo tokens then the amount of injected $Pengo tokens to increase value of $Pengo.
- Explain future value of $Pengo to motivate community purchases.
- Run tipping bot revenue back to buy $Pengo (Phase 2)

End of Phase.

The end of the Initiation phase is reached when the majority of the defined targets have been reached. With that $Pengo has established itself as a solid Defi Meme coin on COTI

Establishment Phase

1. Build 4 additional token pairs (USDC, WETH, WBTC & gCOTI) in Carbon DEX for Arbitrage - Target min 4k USDC worth.
2. Boost volume with cross token arbitrage
3. Switch off the tax free feature for the founder wallet.
4. Set up partnerships with other projects - Target minimum three projects.
5. Grow Inflationary Coins treasury - Target minimum 25k $COTI.
6. Reduce supply with a factor 10. Down from 100 Quintillion $Pengo to 10 Quintillion $Pengo.
7. Launch tipping bot and payment script.
8. Create educational NFT’s

Flywheel Phase

1. Stop token injection by selling tokens and let the price flow freely.
2. Further reduce the Pengo supply with at least a factor 3 (community defined).
3. Use revenue from Treasury, Tipping Bot and NFT sales for further growing treasury (50%) and buying supply from the market (50%) for distribution to community

4. Set up staking for $Pengo in partnered Node.
5. Continue creation of educational NFT’s and define monthly airdrop for Pengo NFT holders.

V1.1. Update...

Pengo Miner

Where during phase 1 and phase 2 you earn $Pengo tokens by contributing to the COTI blockchain, this feature will disappear when we reach phase 3, the Flywheel phase.

At that time we will only distribute $Pengo tokens on a regular base to holders of the Pengo Miner NFTs.

How to earn Miners

There are several ways to earn Miners:

- By holding a Pengo Brief NFT
- By buying $Pengo tokens from the market
- By adding liquidity to the any of the $Pengo pairs
- By holding assets from (future) partner projects
  - Carbon liquidity providers will receive a Miner for every pair provided at snapshot date.

Liquidity of Miners

Miners can be traded on the NFT marketplace and with that are liquid.
There will be a maximum amount of Miners ever to be created. This maximum is still to be decided.

Mining Rewards

- Mining Rewards will be halved on an annual base reducing the amount of $Pengo to be distributed. The initial value is still to be decided.
- $Pengo rewards to non Miner holders will cease to exist after closure of phase 2 the establishment phase.
- The rewards will be paid out of reserve and buy back of tokens from the market, using the revenue from the treasury.

Pengo Brief

Updates Pengo Brief

The Pengo Brief will be updated on a regular base and every update will be send free of charge to holders of an original Pengo brief. Small updates will be indicated by upgrading the

version digit 1.x.

Bigger updates will get a new version number x.0. In case of a big update we stop the sales of the old version and will initiate sales of the new version with a new price. Holders of the previous version will receive it automatically.

Pengo Supply

The original supply of $Pengo tokens is 100 Quintillion token during phase 1.

During phase 2, the supply will be reduced to 10 Quintillion and at the start of phase three, the final supply will be set to 2.1 Quintillion $Pengo, meaning there will be 1 000 $Pengo's per Satoshi.

The reduction of supply will be done, by sending the excess supply to a second burn wallet, which will be excluded from tax income.

The founders wallet will be included in the taxation. This means that in phase 3 all $Pengo distributed will be taxed which results in all $Pengo holders (including the original burn wallet) earning $Pengo.

Due to this the supply will continuously decrease and $Pengo becomes deflationary..