

TON BLOCKCHAIN AND TONCOIN



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What is TON (The Open Network)

The Open Network is a blockchain developed by the team behind the popular messaging app Telegram. The Durov brothers created TON with the goal of incorporating cryptocurrency and blockchain capability into the Telegram ecosystem.

The TON blockchain uses a system where participants called validators are in charge of checking transactions and adding new blocks of data. These validators are selected based on how much TON (the blockchain's currency) they own and are willing to lock up as a form of security. The more TON they stake, the better their chances of being chosen to validate transactions.

The TON blockchain has a main chain, the masterchain, that oversees the whole network. It also has several smaller chains called workchains that handle their own transactions and can be customized for different uses. The masterchain manages important tasks like protocol updates and validator elections.



TON



Benefits and Drawbacks

TON addresses the common limitations of blockchain networks like scalability, speed, and usability. Due to its unique architecture of multi-blockchains it can handle a high volume of transactions per second. The speed of transactions is an advantage to users along with the ease of use for those not familiar with the technical field.

While TON has a vast number of benefits there are some limitations as well. A few to name are user engagement, compatibility, and valuation concerns. Telegram users aren't very active on the platform, which might hinder its growth. There's also a lack of compatibility with the TON ecosystem and the Ethereum Virtual Machine (EVM). TON's architecture is asynchronous while Ethereum's is synchronous thus not offering the programming support the applications.

Lastly, while TON has great potential for growth there are limitations to its growth due to the investors lack of a safety margin. TON's value is very high compared to how much it's traded and its annual fees, making it one of the most highly valued public blockchains.

The Founder of Telegram: Pavel Durov



Pavel Durov is a partial CEO and founder of the messaging app Telegram. On August 24th, Durov was arrested in a Paris airport. It was reported that the main issues are the lack of moderation processes and unwillingness to cooperate with law enforcement with the Telegram network, especially in the cases of drug trafficking, money laundering and child sexual abuse material (CSAM).

Due to the fact that there has been illegal activity on the Telegram application, Durov has been charged with being complicit with the storing and distributing of CSAM content, facilitating drug trafficking and facilitating organized fraud and other illegal transactions.

How does this impact the price of Toncoin?

After the arrest of the founder of TON, Pavel Durov, the price of Toncoin, the native token on the TON blockchain, dropped over 25%. After the plummet of the price it lost an estimated \$2.4 billion of its market value.

With this major decline in value a large liquidity provider extracted 356,545 TON estimated at nearly \$2 million. This withdrawal puts a great deal of pressure on Toncoin and its value.

Although, amid all the stress of the uncertainty with the price of Toncoin. TON projects continue to move forward with the support of others like Gotbit Hedge Fund and Time Farm.



Toncoin and Criminal Activity



As previously mentioned, Toncoin and TON has been used for illegal activity. One feature that makes illegal activity more obtainable is the Fragment feature. Fragment is a NO-SIM signup feature that provides a higher level of security and anonymity for users. Prior to this feature users would register with a phone number and now they are able to purchase an anonymous number to register with Toncoin. Also, the platform offers usernames that can be resold.

With this feature a pro-Russian hacktivist group by the name of KillNet was identified in soliciting donations in the Toncoin cryptocurrency. KillNet has been operating since late 2021 and engaging in DDoS attacks using Toncoin as one of the cryptocurrencies to fund its operations. The group openly and fully supports the Russian state by attacking entities that the group considers opponents of the Russian geopolitical agenda.

In an investigation that took place in September of 2023, KillNet bought and sold three different addresses and solicited donations for financial support. Based on the investigation, KillNet received nearly 16,800 Toncoin which is about \$44,000 USD.