

# Blockchain Technology and Applications

## CS 731

Introduction to Smart Contracts and Vulnerabilities in Smart Contracts

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# Part 1: Introduction to Smart Contracts

# Blockchain beyond Finance

- Many people argued in 2013 that blockchains can be used for Healthcare, Supply Chain Management, Voting, Identity System, Prediction Markets, Crowd Funding and many more
- But How?

# Why Ethereum?

Bitcoin Blockchain

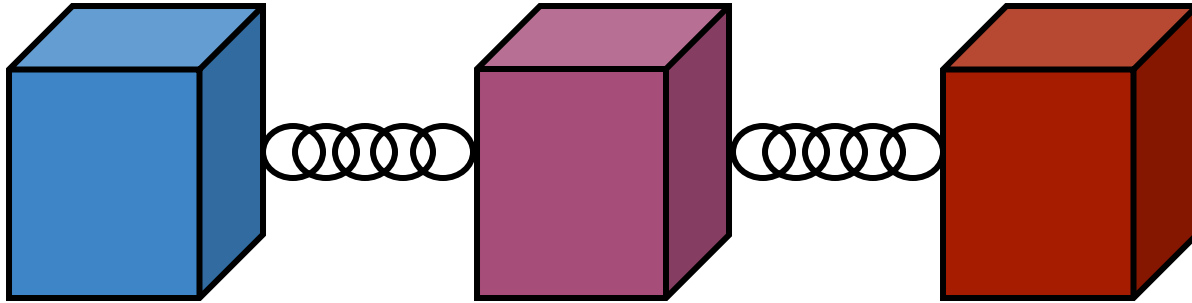


# Why Ethereum?

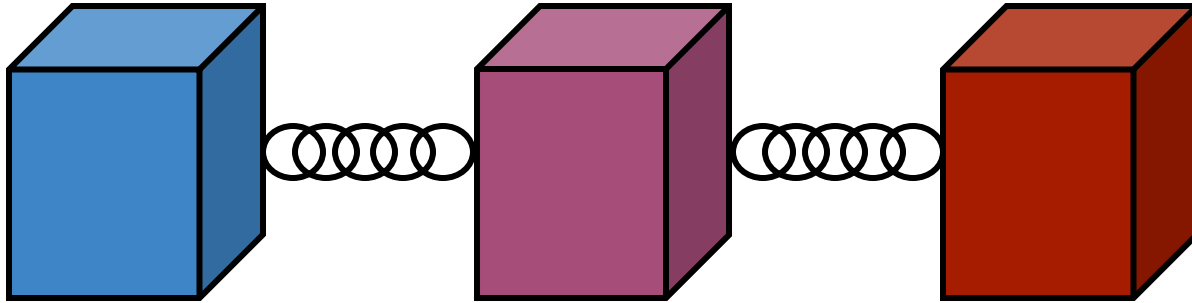
Need something like this



# What is Ethereum?



# What is Ethereum?



It's a Blockchain ..... Boring Answer

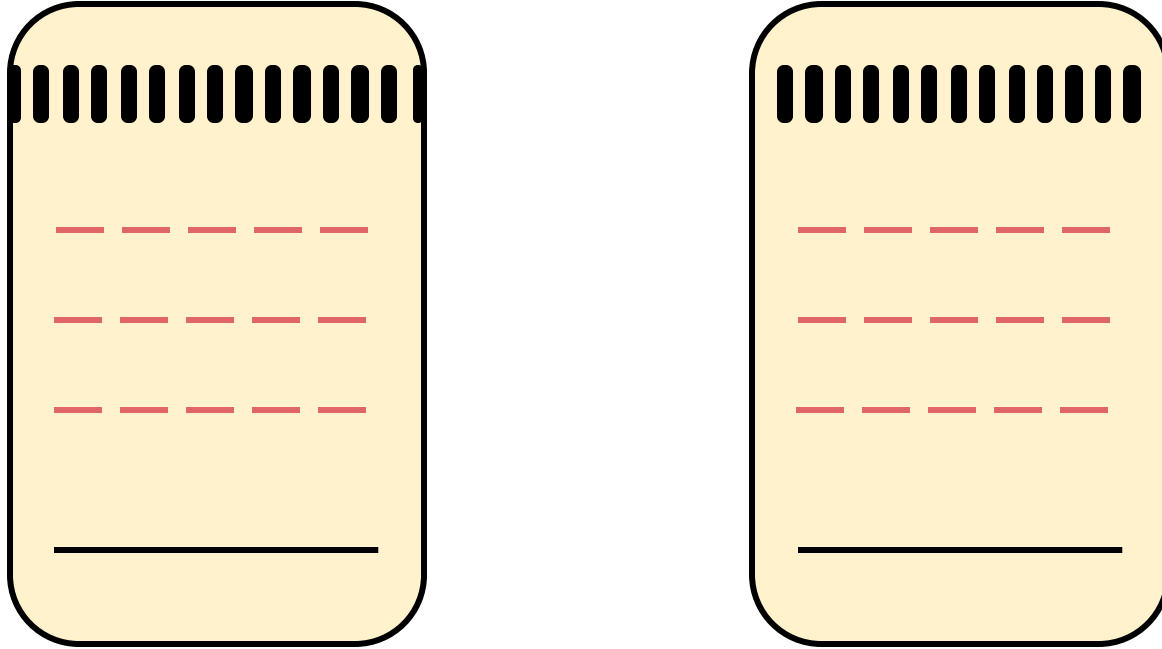
# What is Ethereum?

It's a Blockchain, with following additions

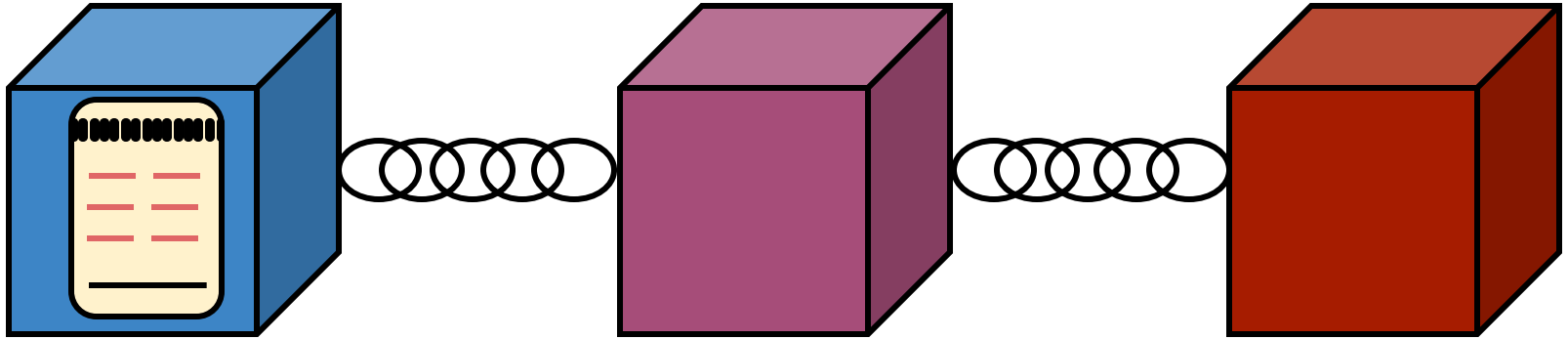
- A built-in programming Language
- Two types of accounts
  - User Accounts (Controlled by Private Keys)
  - Contract Accounts (Controlled by Code)
- Anyone can create an app by defining it as a Contract



# Smart Contracts



# Smart contracts



- Tiny computer programs
- Stored inside a blockchain

# Smart Contract

- A code that resides on blockchain
- Executes when certain predetermined conditions are satisfied

# Smart Contract

- agreement between mutually distrusting participants
- automatically enforced by the consensus mechanism of the blockchain
- without relying on a trusted authority.

# What a Contract can Do?

- Send ETH to other contracts

# What a Contract can Do?

- Send ETH to other contracts
- Read/write Storage

# What a Contract can Do?

- Send ETH to other contracts
- Read/write Storage
- Call (i.e. start execution in) other Contracts

# Smart Contract Execution

- Every node on Ethereum network processes every transaction



# Smart Contract Execution

```
1 pragma solidity ^0.4.17;
2 contract Inbox
3 {
4     string public message;
5     function Inbox(string initialMessage) public {
6         message = initialMessage;
7     }
8     function SetMessage (string newMessage) public {
9         message = newMessage;
10    }
11 }
```

# Solidity Compiler

```
bytecode:
```

[illegible]

# Smart Contract Execution

```
bytecode:
```

[illegible]

# EVM (Ethereum Virtual Machine)

# Ethereum Virtual Machine (EVM)

- Global Singleton Computing Machine with a shared ledger of data

# Crowdfunding platform



Minimum goal

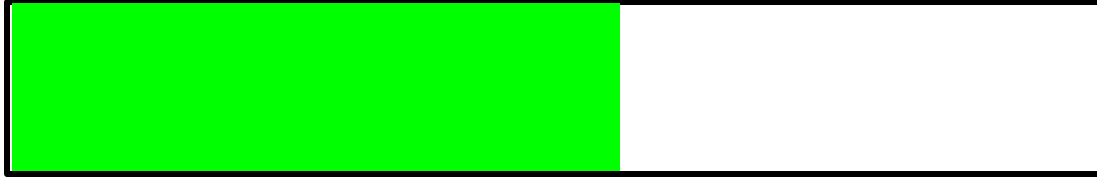
# Crowdfunding platform



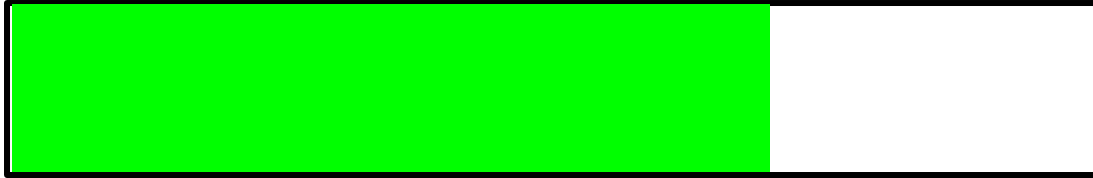
# Crowdfunding platform



# Crowdfunding platform

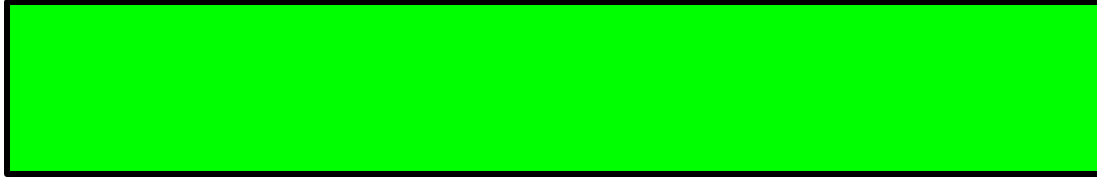


# Crowdfunding platform



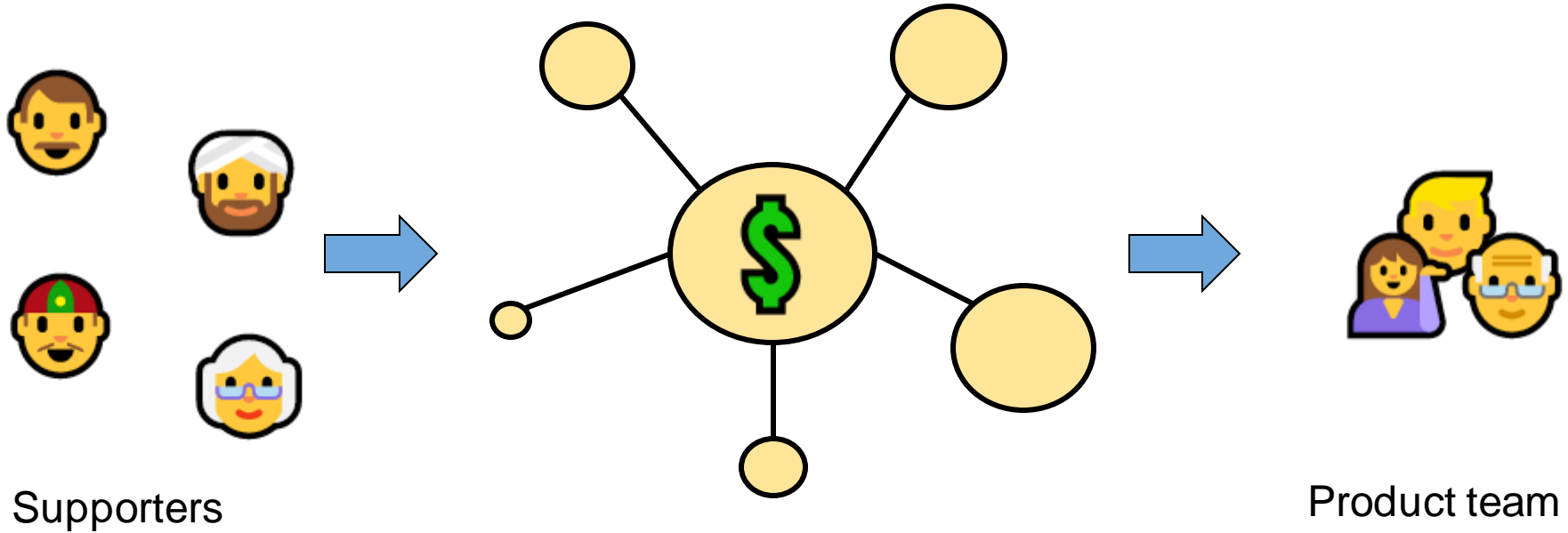


# Crowdfunding platform



Funded!

# Kickstarter for Crowdfunding platform



# Kickstarter for Crowdfunding platform



Trusting a third-party is required

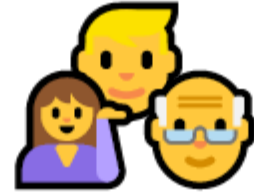
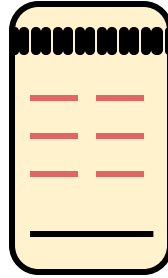
# Smart contracts

We can build a similar system with a Smart Contracts without the requirement of any third party

# Kickstarter with Smart Contract



Supporters

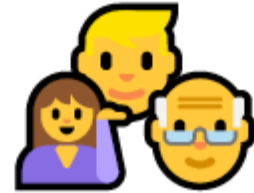
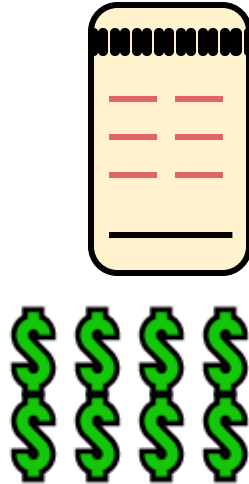


Product team

# Kickstarter with Smart Contract



Supporters



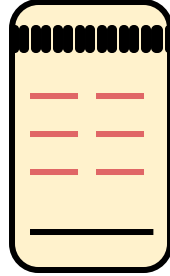
Product team

# Kickstarter with Smart Contract



Supporters

Funded!

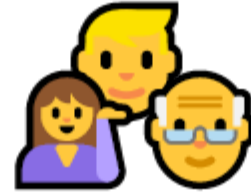
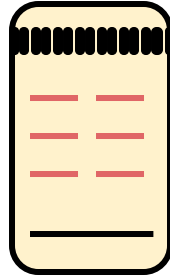


Product team

# Kickstarter with Smart Contract



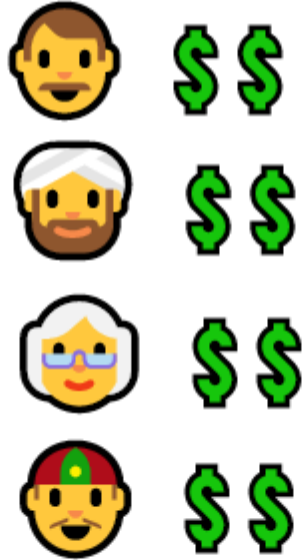
Supporters



Product team

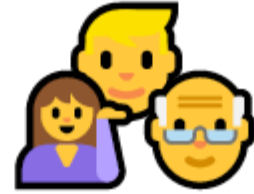
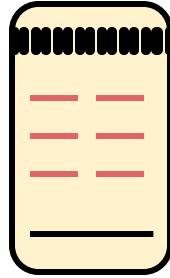


# Kickstarter with Smart Contract



Supporters

Failed!



Product team

# Introduction to Solidity

```
1 pragma solidity ^0.4.17;
2 contract Inbox {
3     string public message;
4     function Inbox(string initialMessage) public {
5         message = initialMessage;
6     }
7     function setMessage(string newMessage) public {
8         message = newMessage;
9     }
10    function getMessage(
11    ) public view returns (string) {
12        return message;
13    }
14 }
```

# Version Pragma

```
1 pragma solidity ^0.4.17;
```

- Instructions to the compiler on how to treat the code.
- All solidity source code should start with a “version pragma” which is a declaration of the version of the solidity compiler this code should use.
- This helps the code from being incompatible with the future versions of the compiler which may bring changes.

# Contract keyword

```
1 pragma solidity ^0.4.17;  
2 contract Inbox {
```

- It declares a contract under which the code is encapsulated.
- Contract is similar to **classes in OOP**
- Contains
  - state variables
  - Functions

# Address in Ethereum

- Externally Owned Address (EOA)
  - public account that holds the funds
  - accessible by private key pairs
- Contract Address
  - address hosting a collection of code

# Types in Solidity

<b>Boolean</b>	bool	<b>True, False</b>
<b>Integer</b>	int/uint/uint8 to uint256 in steps of 8	<code>uint32</code> → 0 up to $2^{32}-1$ <code>int</code> , <code>uint</code> → <code>int256</code> , <code>uint256</code>
<b>Address</b>	address	Holds a 20 byte value (size of an Ethereum address)
<b>String</b>	Array of characters	string <b>public</b> str = "GeeksforGeeks";
<b>Arrays</b>	group of variables of the same data type	<code>uint[5]</code> <b>public</b> array = [1, 2, 3, 4, 5] ;

# Types in Solidity

<b>Struct</b>	grouping together related data	<pre><b>struct</b> Todo {     <b>string</b> text;     <b>bool</b> completed; }  // An array of 'Todo' structs Todo[] <b>public</b> todos;</pre>
<b>Mapping</b>	<ul style="list-style-type: none"><li>• Dictionary</li><li>• Key-value pair</li></ul>	<pre>// Mapping from address to uint <b>mapping</b>(<b>address</b> =&gt; <b>uint</b>) <b>public</b> myMap;</pre>
....	.....	.....

# State Variables

```
1 pragma solidity ^0.4.17;
2 contract Inbox {
3     string public message;
4     function Inbox(string initialMessage) public {
5         message = initialMessage;
6     }
}
```

- **Permanently stored** in contract storage → written to Ethereum Blockchain
- Declared inside a contract and outside of function
- Adding a slot to a Database




# State Variable Visibility

<b>Public</b>	can be accessed by any contract
<b>Private</b>	can be only accessed by the contract in which the variable is defined
<b>Internal</b>	can be accessed by contract in which the variable is defined or by its inherited contracts

# Function declaration

```
1 pragma solidity ^0.4.17;
2 contract Inbox {
3     string public message;
4     function Inbox(string initialMessage) public {
5         message = initialMessage;
6     }
7     function setMessage(string newMessage) public {
8         message = newMessage;
9     }
10    function getMessage(
11    ) public view returns (string) {
12        return message;
13    }
14 }
```

Constructor




# Constructor

- It **invokes only once** when the contract is deployed
- used to **initialize the contract state**
- **optional** to create a constructor
- Version < 0.4.22, constructors → the same name as the contract
- Version > 0.4.22 contractors → constructor() keyword

# Constructor

```
1 pragma solidity ^0.4.17;
2 contract Inbox {
3     string public message;
4     function Inbox(string initialMessage) public {
5         message = initialMessage;
6     }
}
```

Constructor



- Initializes message variable with input passed while contract creation

# Other Functions

```
1 pragma solidity ^0.4.17;
2 contract Inbox {
3     string public message;
4     function Inbox(string initialMessage) public {
5         message = initialMessage;
6     }
7     function setMessage(string newMessage) public {
8         message = newMessage;
9     }
10    function getMessage(
11    ) public view returns (string) {
12        return message;
13    }
14 }
```

# Function Visibility

```
1 pragma solidity ^0.4.17;
2 contract Inbox {
3     string public message;
4     function Inbox(string initialMessage) public {
5         message = initialMessage;
6     }
7     function setMessage(string newMessage) public {
8         message = newMessage;
9     }
10    function getMessage(
11        ) public view returns (string) {
12        return message;
13    }
14 }
```

Visibility

keyword

# Function Visibility

<b>Public</b>	can be called by <b>any contract</b>
<b>Private</b>	can be only called by the <b>contract in which the function resides</b>
<b>Internal</b>	can be called <b>contract in which the function is present or by its inherited contracts</b>
<b>External</b>	can be called by <b>external contracts only</b>

# View and Pure functions

<b>View</b>	Read-only function
<b>Pure</b>	Does not read or modify the state variables



# *msg* Global Variables in Ethereum

- Special global variables

- Always exists globally

<b>msg.sender</b>	address where the current function call came from
<b>msg.value</b>	the amount of wei (money) sent
.....	.....

# Function Modifiers

- **change the behavior of functions** in a declarative way
- automatically **check a condition prior** to executing the function.
- The placeholder statement (`_`) → **where the body of the function should be inserted.**

# Function Modifiers

```
1  pragma solidity >=0.4.22 <0.9.0;
2
3  contract Purchase {
4      address public seller;
5
6      modifier onlySeller() { // Modifier
7          require(
8              msg.sender == seller,
9              "Only seller can call this."
10         );
11         _;
12     }
13
14     function abort() public view onlySeller { // Modifier usage
15         // ...
16     }
17 }
```

# Events

- events are a way to log and notify external entities
- emitting and recording data onto the blockchain
- similar to logs or records
- When an event is emitted it generates an event log that is stored on the blockchain.

# Events

```
1  pragma solidity >=0.4.21 <0.9.0;
2
3  contract ClientReceipt {
4      event Deposit(
5          address indexed from,
6          bytes32 indexed id,
7          uint value
8      );
9
10     function deposit(bytes32 id) public payable {
11         // Events are emitted using `emit`, followed by
12         // the name of the event and the arguments
13         // (if any) in parentheses. Any such invocation
14         // (even deeply nested) can be detected from
15         // the JavaScript API by filtering for `Deposit`.
16         emit Deposit(msg.sender, id, msg.value);
17     }
18 }
```

# Retrieving Events

```
const contract = new web3.eth.Contract(abi, contractAddress);
contract.getPastEvents('NewTransaction', {
  filter: { sender: '0x123abc' }, // Optional event filtering
  fromBlock: 0, // Start block number
  toBlock: 'latest' // End block number
})
.then(function(events) {
  // Process the retrieved events
  console.log(events);
})
.catch(function(error) {
  // Handle errors
  console.error(error);
});
```

Event Name



# Contract ABI

- The ABI (Application Binary Interface): JSON file that describes the
  - interface of the smart contract
    - functions that it exposes (with parameters)
    - Events from the Smart Contracts

# Code Execution on Real Blockchain (Try this after success on Local Blockchain)

- Testnet:
  - Can use **Remix** and **Metamask**
  - Can use **hardhat** to deploy on **Goerli Testnet**
- Mainnet
  - Require real money
  - Do not try unless you become expert



# Code Execution on Local Blockchain

- Offline (Blockchain inside local machine): It takes time to setup.
  - Can use **Remix** and **Ganache**
- Online (Blockchain inside browser): Remix IDE
  - Simple one, first try this

# “Hello World” Smart Contract in Remix-IDE

```
1  pragma solidity ^0.4.17;
2
3  contract HelloWorld
4  {
5      function get() public pure returns (string memory)
6      {
7          return 'Hello Contracts';
8      }
9  }
```

Let's see a Demo

# “Inbox” Smart Contract in Remix-IDE

```
1 pragma solidity ^0.4.17;
2 contract Inbox {
3     string public message;
4     function Inbox(string initialMessage) public {
5         message = initialMessage;
6     }
7     function setMessage(string newMessage) public {
8         message = newMessage;
9     }
10    function getMessage(
11    ) public view returns (string) {
12        return message;
13    }
14 }
```

Let's see a Demo

# Crowdfunding Smart Contract

```
1 pragma solidity ^0.4.19;
2 contract Crowdfunding {
3     address owner;
4     uint256 deadline;
5     uint256 goal;
6     mapping(address => uint256) public pledgeOf;
7     function Crowdfunding(uint256 numberOfDays, uint256 _goal) public {
8         owner = msg.sender;
9         deadline = now + (numberOfDays * 1 days);
10        goal = _goal;
11    }
12    function pledge(uint256 amount) public payable {
13        require(now < deadline); // in the fundraising period
14        require(msg.value == amount);
15        pledgeOf[msg.sender] += amount;
16    }
17    function claimFunds() public {
18        require(address(this).balance >= goal); // funding goal met
19        require(now >= deadline); // in the withdrawal period
20        require(msg.sender == owner);
21
22        msg.sender.transfer(address(this).balance);
23    }
24    function getRefund() public {
25        require(address(this).balance < goal); // funding goal not met
26        require(now >= deadline); // in the withdrawal period
27        uint256 amount = pledgeOf[msg.sender];
28        pledgeOf[msg.sender] = 0;
29        msg.sender.transfer(amount);
30    }
31 }
```

# Currency Example

```
1 pragma solidity ^0.8.4;
2 contract Coin {
3     // The keyword "public" makes variables
4     // accessible from other contracts
5     address public minter;
6     mapping(address => uint) public balances;
7     // Events allow clients to react to specific
8     // contract changes you declare
9     event Sent(address from, address to, uint amount);
10    // Constructor code is only run when the contract
11    // is created
12    constructor() {
13        minter = msg.sender;
14    }
15    // Sends an amount of newly created coins to an address
16    // Can only be called by the contract creator
17    function mint(address receiver, uint amount) public {
18        require(msg.sender == minter);
19        balances[receiver] += amount;
20    }
21    // Errors allow you to provide information about
22    // why an operation failed. They are returned
23    // to the caller of the function.
24    error InsufficientBalance(uint requested, uint available);
25    // Sends an amount of existing coins
26    // from any caller to an address
27    function send(address receiver, uint amount) public {
28        if (amount > balances[msg.sender])
29            revert InsufficientBalance({
30                requested: amount,
31                available: balances[msg.sender]
32            });
33        balances[msg.sender] -= amount;
34        balances[receiver] += amount;
35        emit Sent(msg.sender, receiver, amount);
36    }
37 }
```

Let's see a Demo

# Part 2: Vulnerabilities in Smart Contracts

# Smart Contract Security

- Correctness is ensured by the consensus mechanism
- Unfortunately, correctness is not sufficient to make Smart Contracts secure.

# Classification of Blockchain based Attacks

- Malicious Acts
- Weak Protocol
- Defraud
- Application Bugs



# Classification of Blockchain based Attacks

- Malicious Acts
- Weak Protocol
- Defraud
- Application Bugs

# Application Bugs

- Programs are correct but may have loopholes
- People can take advantage of it by exploiting loophole
- Example: buffer overflow ( in C, something like you can read/write outside an array )

# Application Bugs

- Blockchains are new
- Smart contract developers may write buggy code

# Application Bugs

- Loophole in the smart Contract Code
- The DAO Attack (\$60 M Loss)
- Attacker can steal money, influences an application to function differently

# Application Bugs

- Reentrancy
- Overflow, Underflow
- Default Visibilities
- Timestamp Dependence
- Transaction Ordering Dependence

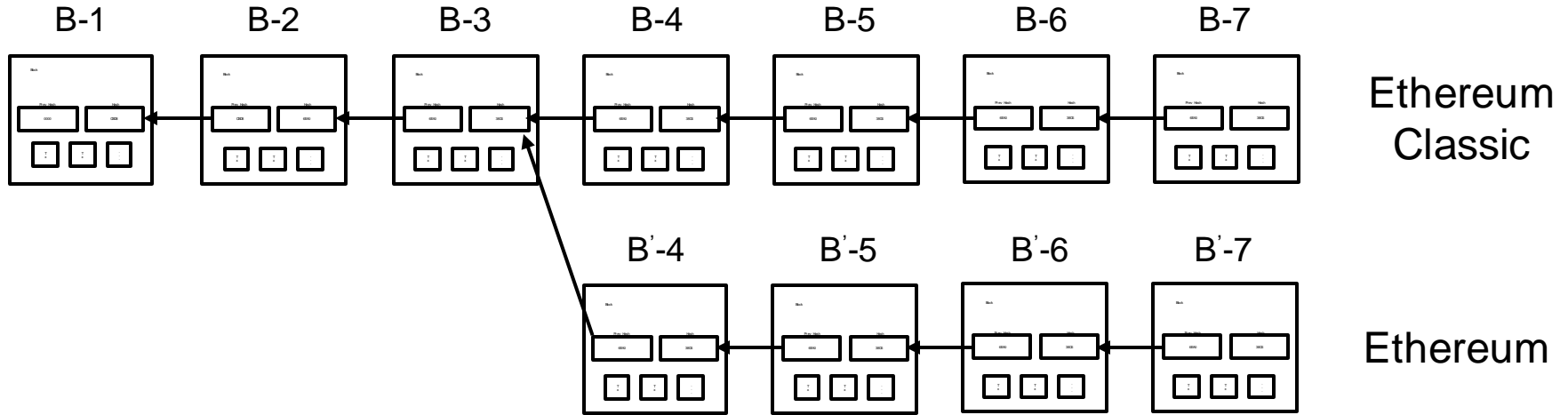
# The DAO Hack on Ethereum

- DAO was crowdfunding platform
- It raised \$150 Million
- Got hacked due to bug in Smart Contract (Reentrancy) and lost \$60 Million
- Ethereum blockchain was hard forked to restore stolen funds

# Hard Fork Example

- Demonetization (Govt banned 500 and 1000 Rupees notes)
- Let's say that one group don't agree and accept old notes
- Normal people agreed to Govt decision
- Two currencies in existence

# Hard Fork





# Smart Contract Vuln

```
1  contract Puzzle {
2      uint256 amount = 0.5; //0.5 ethers
3      function submit_answer (string answer) {
4          //Logic to check submitted answer
5          if (/*answer is correct*/)
6              _sendEther();
7      }
8      function _sendEther(){
9          msg.sender.transfer(amount);
10     }
11 }
```

# Smart Contract Vuln: Default Visibilities

Programmer forgot  
to add Visibility for  
the **function**  
**\_sendEther()**

```
1  contract Puzzle {
2      uint256 amount = 0.5; //0.5 ethers
3      function submit_answer (string answer) {
4          //Logic to check submitted answer
5          if (/*answer is correct*/)
6              _sendEther();
7      }
8      function _sendEther(){
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10     }
11 }
```

# Smart Contract Vuln: Default Visibilities

Let's see a  
Demo

```
1  contract Puzzle {
2      uint256 amount = 0.5; //0.5 ethers
3      function submit_answer (string answer) {
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```

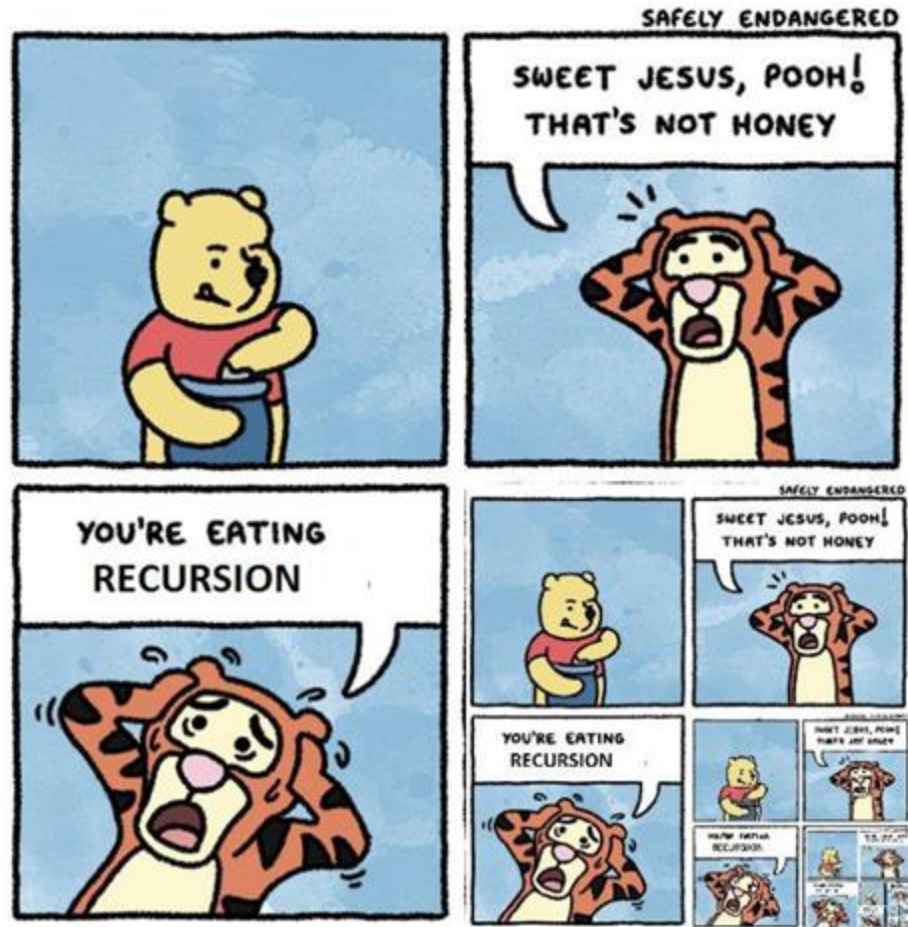
# Smart Contract Vuln: Timestamp Dependence

- A smart contract that utilizes a current timestamp to produce random numbers in order to determine lottery results
- Miners can put a timestamp within 30 seconds of block validation
- Miners can alter outcome of random number generator

# Smart Contract Vuln: Timestamp Dependence

```
1 pragma solidity ^0.5.0;
2 contract TimedCrowdsale {
3     event Finished();
4     event notFinished();
5     // Sale should finish exactly at January 1, 2019
6     function isSaleFinished() private returns (bool) {
7         return block.timestamp >= 1546300800;
8     }
9     function run() public {
10         if (isSaleFinished()) {
11             emit Finished();
12         } else {
13             emit notFinished();
14         }
15     }
16 }
```

# Recursion



# Fallback Function in Solidity

- Declare with `fallback()` and have no arguments.
- If it is not marked **payable**, the contract will throw an exception on receiving Ether without data
- No Return value, Once per contract
- Executed → if caller meant to call a non-available function or `receive()` does not exist
- Visibility: external.

# Reentrancy Example (Expected Behavior)

```
1 function revoke() remote{
2   uint256 value = balances[msg.sender];
3   require(msg.sender.call.value(value) ());
4   balances[msg.sender] = 0;
5 }
```

**Balance : 100**

**Payout : 0**

Receiver

function() {}




# Reentrancy Example (Expected Behavior)

```
1 function revoke() remote{  
2   uint256 value = balances[msg.sender];  
3   require(msg.sender.call.value(value) ());  
4   balances[msg.sender] = 0;  
5 }
```

**Balance : 100**  
**Payout : 0**

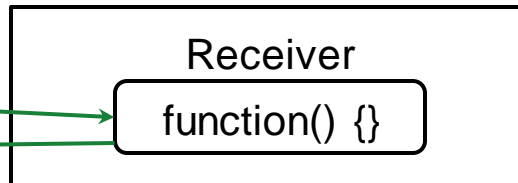
Receiver  
function() {}

A green arrow points from the `require(msg.sender.call.value(value) ());` line in the code block to the `Receiver function() {}` box.

# Reentrancy Example (Expected Behavior)

```
1 function revoke() remote{  
2   uint256 value = balances[msg.sender];  
3   require(msg.sender.call.value(value) ());  
4   balances[msg.sender] = 0;  
5 }
```

**Balance : 0**  
**Payout : 100**



# Reentrancy Example (Exploit)

```
1 function revoke() remote{
2   uint256 value = balances[msg.sender];
3   require(msg.sender.call.value(value) ());
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```

**Balance : 100**

**Payout : 0**

Receiver


function() {}

# Reentrancy Example (Exploit)

```
1 function revoke() remote{  
2   uint256 value = balances[msg.sender];  
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5 }
```

**Balance : 100**  
**Payout : 0**

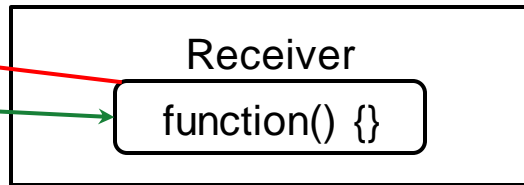
Receiver  
function() {}



# Reentrancy Example (Exploit)

```
1 function revoke() remote{  
2   uint256 value = balances[msg.sender];  
3   require(msg.sender.call.value(value) ());  
4   balances[msg.sender] = 0;  
5 }
```

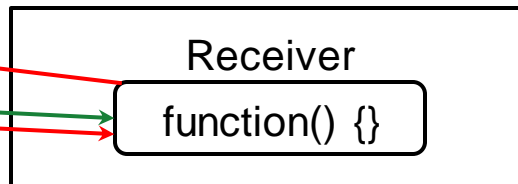
**Balance : 100**  
**Payout : 100**



# Reentrancy Example (Exploit)

```
1 function revoke() remote{
2   uint256 value = balances[msg.sender];
3   require(msg.sender.call.value(value) ());
4   balances[msg.sender] = 0;
5 }
```

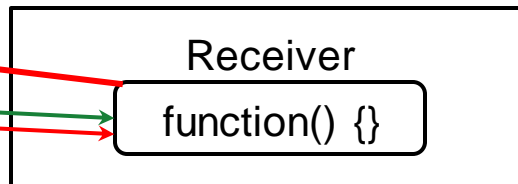
**Balance : 100**  
**Payout : 100**



# Reentrancy Example (Exploit)

```
1 function revoke() remote{
2   uint256 value = balances[msg.sender];
3   require(msg.sender.call.value(value) ());
4   balances[msg.sender] = 0;
5 }
```

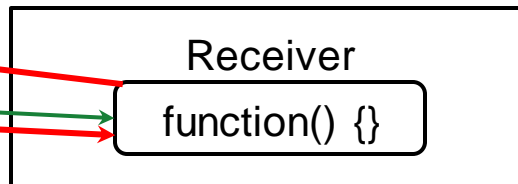
**Balance : 100**  
**Payout : 200**



# Reentrancy Example (Exploit)

```
1 function revoke() remote{
2   uint256 value = balances[msg.sender];
3   require(msg.sender.call.value(value) ());
4   balances[msg.sender] = 0;
5 }
```

**Balance : 100**  
**Payout : 200**

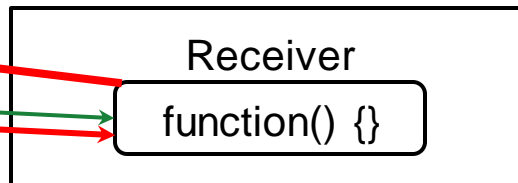




# Reentrancy Example (Exploit)

```
1 function revoke() remote{  
2   uint256 value = balances[msg.sender];  
3   require(msg.sender.call.value(value) ());  
4   balances[msg.sender] = 0;  
5 }
```

**Balance : 100**  
**Payout : 300 ...**



# Reentrancy Bug Fixed

```
1 function revoke() remote{ //Insecure
2     uint256 value = balances[msg.sender];
3     require(msg.sender.call.value(value) ());
4     balances[msg.sender] = 0;
5 }
6
7 function revoke() remote{ //Secure
8     uint256 value = balances[msg.sender];
9     balances[msg.sender] = 0;
10    require(msg.sender.call.value(value) ());
11 }
```

# Reentrancy Example-2

```
15 function Collect(uint _am)
16 public
17 payable
18 {
19     var acc = Acc[msg.sender];
20     if( acc.balance>=MinSum && acc.balance>=_am && now>acc.unlockTime)
21     {
22         if(msg.sender.call.value(_am)())
23         {
24             acc.balance-=_am;
25             LogFile.AddMessage(msg.sender,_am,"Collect");
26         }
27     }
28 }
```

```
47     uint public MinSum = 2 ether;
```

```
37 struct Holder
38 {
39     uint unlockTime;
40     uint balance;
41 }
42
43 mapping (address => Holder) public Acc;
```

# Reentrancy Example-3 (False Positive)

```
1  modifier onlyOwner{
2      require(msg.sender == owner);
3      _;
4  }
5  ...
6  function execute( address _to, uint _value, bytes
   _data) external onlyOwner {
7      ...
8      _to.call.value(_value) (data);
9  }
```

Code example: Identify control based permission control

# Reentrancy Example-4 (False Positive)

```
1 contract ReentrancyGuard {
2     bool private _notEntered;
3     constructor () internal {
4         _notEntered = true;
5     }
6     modifier nonReentrant() {
7         require(_notEntered);
8         _notEntered = false;
9         _;
10        _notEntered = true;
11    }
12 }
13 contract GovernanceVesting is ReentrancyGuard {
14     ...
15     function withdraw() public nonReentrant {
16         ...
17         IERC20(Token).transfer(governanceAddress,
18                                 governanceFunds);
19         Withdrawn = true;
20     }
```

Code example: Reentrancy lock based permission control

# Reentrancy Example-5 (False Positive)

```
1  contract ForeignToken {
2      function balanceOf(address _owner) constant
3          public returns (uint256);
4      ...
5  }
6  contract Bitcash {
7      ...
8      function getTokenBal(address tokenAddr,
9          address who) constant public returns (uint
10         ){
11         ForeignToken t = ForeignToken(tokenAddr);
12         uint bal = t.balanceOf(who);
13         return bal;
14     }
15 }
```

Code example: No state change after external call

# Unchecked Call Return Value

- Return value of message call → not checked.
- If
  - call fails accidentally
  - attacker forces the call to fail
    - may cause unexpected behaviour in the subsequent program logic.

# Unchecked Call Return Value

```
pragma solidity 0.4.25;

contract ReturnValue {

    function callnotchecked(address callee) public {
        callee.call();
    }
}
```



# Unchecked Call Return Value

```
pragma solidity 0.4.25;

contract ReturnValue {

    function callchecked(address callee) public {
        require(callee.call());
    }

    function callnotchecked(address callee) public {
        callee.call();
    }
}
```

# Unchecked Call Return Value

```
// Bad Code:  
function Transfer(address _addr) public {  
    (bool success, bytes memory data) = _addr.call{value: msg.value, gas: 5000}();
```

# Unchecked Call Return Value

```
// Bad Code:
function Transfer(address _addr) public {
    (bool success, bytes memory data) = _addr.call{value: msg.value, gas: 5000}();

// Good Code
function Transfer(address _addr) public {
    (bool success, bytes memory data) = _addr.call{value: msg.value, gas: 5000}();
    require(success, "Transfer Failed")
}
```

THE END