

To keep things neat I've moved my own research into its own thread. Details below:

I've identified [what I think is the origin of the second transfer](#) of 27,500 OP to a multisig governed by L2DAO's principals, who then market dump that OP for USDC.

This snapshot completes strong onchain and firsthand evidence that:

- NFTEarth and this second multisig, called LFGROW, share leadership teams with L2DAO and can be said to be indistinguishable from it as far as management is concerned
- Layer2DAO principals govern the multisigs dumping OP for USDC and proceeding with other onchain activities apparently inconsistent with the grant's intention and violating the no-sale rule (regardless of whether it was in force when this grant was made)

I am going to selectively quote the linked proposal authorizing this transfer here, emphases mine:

This is a proposal to the Layer2DAO community to create a new DAO focused exclusively on educational and tooling solutions for L2 NFT creators, artists and owners.

In addition to education; the new DAO would have a clear focus on connecting the new knowledge gained by creators/artists/owners to easily accessible infrastructure

leading to pragmatic results and the proliferation of NFT development on Layer2 Ethereum. This initiative is to revive and support active NFTs creation (and thus trading)

on L2 chains, which have a lot of benefits "by design" vs. Mainnet. NFTEarth is focusing on trading, however, without active creators/projects, there will be no trading; 2. If you are not having huge funding (to be able to develop everything on your own), as a creator/project, you need to use certain tools to create and promote your collections. Unfortunately, most of the tools available in the market as well information are not "tailored" to L2 and are scattered around. Most needed tools are – NFT Generator, Allow/WL list/raffles tool, Launchpad and specific in this case: tool to migrate NFTs from L1 → L2.

So this is supposed to be a separate DAO that receives this grant. However, this purportedly separate DAO comprises the exact same signers as NFTEarth and, like NFTEarth, cannot be credibly determined to be an arm's-length ecosystem project, as the multisig is controllable by Layer2DAO signers.

Train [claims in his response](#) the following:

[Layer2DAO response to allegations from Velodrome / OptiChads \[March 2023\]](#)

NFT Earth, while having some of the same team members (notably Weston), was and is a separate organization that was voted on by the OPIncubator NFT holders and approved as a grant recipient. This was not and is not the same organization that received the Phase 0 grant (Layer2DAO). Exosphere and I were asked if we wanted to join as advisors, which we accepted.

Train's claim downplaying their role is misleading and demonstrably untrue. The snapshot's author, Oxadventurer (whose identity could be an alt of a known principal given the relative lack of historic activity in L2DAO), says so themselves:

funds will be sent to multi-sig controlled by current L2DAO leaders, for them to oversee fund distribution.

This proves by the author's admission that NFTEarth, whose multisig is identical to the one described here, is in fact run by Layer2DAO's principals. This is proof that the Layer2DAO team market sold granted OP on two separate occasions.

A follow-up post will describe in greater detail what this wallet has in fact been doing. Suffice it to say it calls into question the stated intentions of the grant.

As a reminder, Layer2DAO's [original proposal](#) states:

Layer2DAO's stated mission as a DAO is to expand the Ethereum L2 ecosystem and invest in L2 ecosystem projects. As such the DAO aims to use part of its Optimism Fund grant to incentivize high-impact Optimism protocols.

Layer2DAO is proposing to use 240,000 OP tokens to create the OPIncubator project that will incentivise projects that run on Optimism.

I think anyone would take this to suggest that this grant is intended to incentivize outside

projects in the ecosystem. If L2DAO had spun up 6 entities with the same two principals and gave them OP to be market dumped, I think that would be correctly understood to be against the spirit of the application or the Grant program as a whole.

What we have here is just this, for at least 2 subgrants (research ongoing).

Finally, I'm not going to address Train's claims about me, but I do want to make an illustrative point here. Train quotes me to

claim that I am being inconsistent in my application of Grant guidelines:

[Layer2DAO response to allegations from Velodrome / OptiChads \[March 2023\]](#)

Jack's own words in response to a OPIncubator recipient was:

"My understanding (and it could be flawed here) is that Decentradora has every right to do whatever it wants with the given OP – their reception in my mind is indistinguishable from someone receiving liquidity mining rewards".

This is a crucial point I want to make. Decentradora is a separate organization

that, after interviewing its principals, I judged to be completely at arm's length from L2DAO

. They do not pose the same risk of self-dealing that I am observing in L2DAO's self-granting two ecosystem grants, one for NFTEarth and one ostensibly for this other DAO described above. Surely anybody can tell the difference here.

But don't worry, of course, the Layer 2 Dao team assures you that the funds are in good hands:

Moreover – here is my promise that I personally will not "take" any penny from this initial LTIP-7 funding. I'm not doing this for short term benefit, I'm doing this for L2 and way too bigger aims/goals! With this new initiative, we would like to support NFTEarth focus on the Layer2 NFTs market development as well as grow the L2 NFT ecosystem in general!

Future disclosure will discuss what in fact has occurred on these multisigs.

Original post

I can distill some of this info [@Dicaso](#) presents into what I think is the key fact here:

There are two multisigs controlled by L2DAO signers that receive and market dump OP

. If you grant that one of these is ostensibly NFTEarth's official multisig receiving an L2DAO grant, I can't find public justification for the second.

Regardless of what these addresses then did (among other things, sell OP for USDC), the ownership of these multisigs is what to focus on.

Layer 2 Dao's multisig is [Safe – Settings – Setup](#) – addresses are:

0xD131F1BcDd547e067Af447dD3C36C99d6be9FdEB - westonnelson.eth

0xE7a2d53dA40Ba37495d4Cf84811a59AAcE2f04A5 - wallet connected to exosphere12.eth

0x1CabC3e62e0527cBe09917F5Ca8e6D9999502d82

0x357990585a6BB953DCBA126de48585ed27E22319 - wallet connected to exosphere12.eth

[The first multisig](#), 0x56d, which we'll say is the main NFTEarth multisig, [gets 27,500 OP from 0xaf5](#) on Jan 10. Its owners (2/5 structure) are:

0xD131F1BcDd547e067Af447dD3C36C99d6be9FdEB - westonnelson.eth

0x062a07cBf4848fdA67292A96a5E02C97E402233F - OP delegate address exosphere12.eth

0x1CabC3e62e0527cBe09917F5Ca8e6D9999502d82 - on L2DAO's multisig

0x119a849400dd8b61c8AB8995cb37AF32dBBD2D8B

0xa2f0F2265DbB5636Ca2dE35a2E4A01b518d5c620

I'm not sure but can surmise that this is the transfer corresponding to L2DAO's 'official' grant to NFTEarth. But because this is a 2/5 multisig, L2DAO principals can be said to control this wallet.

Interestingly, [an owner is removed and replaced](#) on Feb 3. The previous owning address had been [0xeafcb5b9f0be74296d89182c9915117e59882f2a](#) and was evidently sunset on Optimism. It was replaced by [0x119a849400dd8b61c8ab8995cb37af32dbbd2d8b](#), an active L2DAO owner called 0xadventurer.eth.

This may be relevant because the previous day, the 2/4 L2DAO multisig performs a [second

transfer of 27,500 OP ]

(<https://optimistic.etherscan.io/tx/0x4401a6d45e54d8e916f95859c0934200cf8162ff49ca403cc2028cc6771ffea>) to a [different

2/5 multisig ](<https://debank.com/profile/0x5a711a7aae4a270c05fb9d67544ddcd2694bdc2c/history>). The reasoning behind

this transfer is unaccounted for and is suspicious because this multisig has the exact same signers as the first

- i.e., it comprises Layer2DAO principals and is functionally controlled by L2DAO signers. This address also methodically dumps all of the sent OP.

So there are two multisigs controlled by L2DAO signers that receive and market dump OP

, and one of these transfers I can't find public justification for.

I think future research should uncover the actions and linkages involving these multisigs and their signers, and I call on [@0xWeston](#) or [@Exosphere](#) to explain why there are two identical multisigs, both with L2DAO signers, that receive and sell large amounts of OP.

This of course in addition to assembling further information on what ultimately gets done with the funds once they are swapped to USDC.