

[Note: I've updated this post with additional detail provided by Train (Layer2DAO co-founder). My original post remains below this.]

## Overview of the OPIncubator program

Layer2DAO's [Phase 0 governance grant](#) was to create an incubator program (OPIncubator) via a grant of 27,500 OP tokens to six different projects. Those who wanted to participate would purchase an NFT to be able to vote on the incubation. The goal of this was to increase the usage and grow the Optimism ecosystem.

Once the NFT and infrastructure were created, the selection of those projects was in the hands of those who wished to participate. On-chain voting via ownership of the L2StateOfMind NFT was commissioned as a part of the proposal. From that point forward the disbursement of the funds was not in the hands of the core team of Layer2DAO, but instead in the hands of those who wished to participate in the governance of that incubator program. The discussions regarding the OPIncubator program were held on the Layer2DAO Discord. Ownership of the OPIncubator governance NFT was available to anyone who wished to mint a NFT and participate in the snapshot votes.

More than two hundred unique wallet holders participated in each of these rounds. They had the chance to vet, ask questions, make suggestions to changes, and vote for or against these proposals. The [attached transactions spreadsheet](#), along with the snapshot votes by the OPIncubator participants, shows that Layer2DAO did in fact fulfill its grant proposal and has a few remaining tokens to expend as it wraps up its grant. Despite the bad faith that the Velodrome team has portrayed, Layer2DAO remains committed to growing the adoption of the L2 community, which includes Optimism.

View the full [accounting of the OpIncubator program](#), including all transactions.

## OPIncubator grant to NFT Earth

Each of the OPIncubator grant recipients were projects that received their funding with this in mind. As part of the process, the Layer2DAO community would ask them how it would continue the mission of building on L2s and increasing the adoption and usage of the Optimism chain (this is the spirit of what Phase 0 governance grants wanted to achieve). 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.

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".

## Attacks by the Velodrome team

We will continue to provide context to the community but do not and will not see the benefit of responding to each and every comment made as we are busy building and making L2s a better space. The parties involved would be wise to note that their actions are not just affecting Weston or the other team members but the thousands of token holders and partners that are also trying to build to make this a great space.

Jack and Alex had one goal that started with their conversation last week: prevent any further Layer2DAO or NFT Earth grant proposals from being considered. It appears that they have created enough FUD with false accusations to achieve this goal but it is my hope that the delegates and badge holders will see past their bias and false narrative and look at what was achieved despite Alex's and Jack's efforts.

There is little anyone can do to ever convince Jack and Alex of anything on these matters. I could say the sky is blue and they would say I am a liar simply because they have a vendetta against Weston. They say their motives are altruistic but the words and methods used to evaluate a situation are hardly neutral and poison the well before a conversation can even be had about a situation. Rather than approach the issue with "hey i saw this and was wondering if you could provide some context," their approach has been to say something along the lines of "I see you stole funds... or misappropriated grants... or you are rugging your project based on these tx....care to comment?" The combative nature does not make room for having a conversation and instead presumes guilt before the conversation is even started. This is not a healthy approach to a Collective.

As this is not a court (other than public opinion) they don't need to follow any sort of rules but have been allowed to make damaging remarks about projects without reproach as well as engage in character assassination and bullying of anyone who wishes to engage in conversation on this topic that disagrees with them. If you think about when a conflict takes place in or around your life or workplace, most individuals will opt not to get involved. They do not want to get "drawn into the drama." Alex and Jack count on this and use it as a weapon by attacking any new voice that tries to enter the conversation as being an alt or unallowed to speak because of prior history or bags they hold. This, in effect, has a chilling effect on governance and the growth of the community. See examples below:

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Alex and Jack have claimed that Weston was a founder of Layer2DAO. They know this is not true and have been told that repeatedly. Weston was recruited to the team at a point after the OP grant was received by Layer2DAO. The DAO was initially founded by me and Exosphere.

Jack has made the claim that Layer2DAO was reprimanded, its ability to participate as a delegate was revoked, and its participation in a prior grant round disallowed because of some prior action. We have found no evidence – other than Jack and Alex’s words – that any vote by governance was ever made to such effect. No public notice, or otherwise, was ever provided to Exosphere as a delegate or the DAO as a grant recipient. In fact, Exosphere is still an active delegate. Their goal in presenting this as fact is to color the opinions of those who have not previously been involved. By stating it this way it suggests that these issues have already been decided and enacted by the governance community rather than just themselves. The truth is they were resolved, and no action was taken. Layer2DAO complied with the OP Foundation’s representatives to their satisfaction and the parties moved forward with building on Optimism.

Alex has also made a false claim in the OP discord channel “As a reminder“, again using the phrase as to insinuate that all in the community have agreed to the notion” that the DAO used the grant to “soft rug” its token holders.

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His purported proof was a price graph of the token. If I were to lay the ETH price graph over it I guess the DAO would have been responsible for “soft rugging” ETH at the same time. This type of behavior if gone unchecked by other council members or delegates will continue to devolve the community. The code of conduct exists to deter this behavior but so far it has not been enforced with any regularity on its participants. Alex is aware that a multisig wallet was exploited and Layer2DAOs tokens were taken and later on recovered. The aftermath was documented and presented in our [after action report](#). It is interesting that Alex was able to post a screenshot and tweet within seconds of the exploit happening as if he knew it was going to happen:

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So at 2:10 price is fine, at 2:15 disaster happens for the team and token holders, and at 2:18, per his screenshot on DexScreener, Alex goes to a partner protocol of Layer2DAO to FUD and asks if we just rugged them? You’re telling me in 180 seconds between the time it occurred his first thought was to tee up a beautiful negative chart - write a post and send it?

Conclusion

The bias and how far they are willing to go to create a narrative at whatever cost is transparent. Bottom line. The Governance Grant during phase 0 was far more undeveloped than the grant proposals and accords are today. Likely, if the OPIncubator grant was proposed today, it would have a lot more caveats to it than existed at the time it was created and funded. The proposal was meant to further the mission of Optimism growth and participation and it succeeded in doing just that. We continue to engage in a meaningful transparent fashion and are happy to discuss with the community the successes we have experienced with the OPIncubator project.

[Note from Exosphere: Below is my original post]

Hi Optimism community! You might already know me, but if not, I’m Exosphere, one of the core team members of Layer2DAO. I co-founded Layer2DAO at the beginning of 2022 to provide the Ethereum L2 space a central community, coordinate promotional efforts to further the L2 space, and collaborate on projects. I’m also a delegate on Optimism.

Many of our efforts focused on Optimism, as one of the most promising L2 networks. We chose to launch an early adopter NFT collection on Optimism that allowed L2 early adopters to mint for free an NFT that corresponded in level to the number of L2 networks that they bridged assets to in 2021 (example of the [Level 1 NFT](#)). We partnered with Quix (we helped them launch their NFT launchpad) and ended up minting over 20,000 NFTs, many of which were the first time someone owned

an NFT on an L2.

This NFT activity ended up making us eligible for OP governance round 0, with a 300,000 OP allocation. The center piece of [our proposal](#) was the OPIncubator program, which over six rounds would distribute 27500 OP each to six projects that our community deemed worthy of the support. OP Governance was very young at that time, and there was limited guidance what the OP grant should be used for, especially compared to today. The program one of our community members came up with was a way to allow our Layer2DAO community to decide which projects would receive some of our OP tokens, while also teaching on-chain governance to people that might have been priced out on other chains.

In late 2022 the Optimism community was shocked that Quix, the hub of NFT activity on Optimism, announced that they were shutting down. Given that we had a front-row seat with our own NFTs, we saw NFT trading drop significantly on Optimism. In our opinion that was a significant blow to the future of the Optimism network, and the success of NFTs on L2. Our community sprung into action and started looking for other projects that would fill the void. After not being able to find a team that was stepping in, Weston, one of Layer2DAO's core team members, decided to take action assemble a team to start NFT Earth. Personally, I was asked to be an advisor to the project, which I was glad to do considering how important NFTs were to onboarding people to the L2 ecosystem. Although some of the team overlaps between the Layer2DAO and NFT Earth, they function as completely separate entities and are governed differently.

Eventually the NFT Earth team approached Layer2DAO with the possibility of applying for an OPIncubator grant. We thought this would be an excellent use of the program, since Optimism was lacking an Optimism-focused successor to Quix and NFT activity was severely down on the network. This was one of several funding sources that NFT Earth was able to secure. The project needed to move fast since they quickly started incurring 5-digit hosting expenses and needed to capture market share to be viable.

From our knowledge the NFT Earth team has used their OPIncubator grant as planned and has succeeded in standing up a fully functional NFT exchange that already has captured a portion of NFT trading volume on Optimism. They launched their own token via airdrop to build further community and create incentives for trading NFTs on Optimism.

Over the last week, some Optimism community members have started targeting NFT Earth and Layer2DAO, spreading baseless accusations and lies. While we are unsure of their motivations, I believe this is a mix of old grudges (Velodrome team and Weston have a known history of conflict) and competitiveness (rumors have it that OptiChads is working on their own NFT exchange and want to kneecap NFT Earth before it receives an OP grant in round 11). They are spreading lies about these projects on social media, OP governance, and personally attacking Weston in ways that break the Optimism community guidelines. They are directly approaching our partner projects and bullying them into severing ties with us.

I urge the Optimism community to see past these intimidation tactics and reject this harassment by the offending teams. Their playbook of flooding Optimism governance with so much misleading information that no one can tell truth from fiction only hurts the Optimism governance experiment.

Layer2DAO prides itself in exposing the larger crypto community to the decentralization that L2s offer and remains focused on helping onboard the larger crypto community to L2s. Please let me know if you have any questions that I can answer.