

Simple Summary

A proposal to completely remove MAI from Aave V3 Optimism and Arbitrum over centralisation risks.

Motivation

The objective of this proposal is to improve the quality of decentralised collateral on Aave by removing MAI, even from the isolation mode.

Below is the explanation and the data for the same:

As per [this](#) ARFC, MAI is a decentralized stablecoin minted by the Qidao Protocol. However, MAI seems to be controlled by a 2 of 4 multi-sig completely in the control of the team.

Specification

Looking at MAI contract, it can be minted by OnlyOwner here:

and, the owner is a multi-sig

which is controlled by these four addresses, under the 2 of 4 scheme

Out of these four addresses, only one of them seems to be publicly admitted DAO address.

Potential Loss

At combined debt ceiling of \$3.1mil, under the hands of only 2 signers, this presents a big risk to the DAO.

If these two actors act not in the best interests of the DAO, Aave can lose upto \$3.1mil.

Disclaimer

I am not associated to QiDAO or any other competing DAO. I am doing this to add value to the community.

Next Steps

1. Discuss over possible flaws in the proposal.
2. Discuss other ways to mitigate this risk.
3. Develop a long term strategy to prevent this in the future.

Edits

1. Changed from ARC to Temp Check
2. Changed Remove to Freeze