

Following concerns raised during the RISK AVC call yesterday and further review of the situation, GovAlpha, as Governance Scope Facilitator, is derecognizing the AD Bulwark and issuing a formal warning to the AVC Member HKUST\_EPI\_BLOCKCHAIN. GovAlpha has performed these actions under the rules documented in the Atlas and Governance Scope (MIP113).

Both parties are aware of this and have accepted the provided reasoning. The parties involved have confirmed the following information. In the interests of transparency, we will briefly summarize the issues at hand.

1. We have confirmation that the whereabouts of the AD have been breached and are known to the AVC.
  2. We have significant suspicion that the identity of the AD is known to the AVC Member.
  3. We have on-chain proof of the transfer of ETH from a wallet address known to belong to the AVC Member to a wallet address known to belong to the AD. This transfer occurred over a month before the AVC member and the AD declared their intentions on the forum.
  4. The ETH amount is non-trivial and predates either of the entities publicly introducing themselves to MakerDAO in an Endgame context.
  5. We have confirmation that the parties involved are engaged in discussion in a private messaging system.
- a) The Atlas states that such communication should be public
- b) The Atlas states, “ADs are generally not allowed to engage directly with Ecosystem Actors and other counterparties to the DAO, or in other ways engage in operational activities.”

We are satisfied that the parties did not intentionally breach these rules. Instead, the situation resulted from a misunderstanding and a good-faith attempt by the AVC Member to encourage participation in Maker Governance. However, the rules approved by MKR voters leave us little option but to act. ADs are held to strict requirements in The Atlas, and we must derecognize Bulwark and add them to the list of Derecognized Alignment Conservers in the Governance Scope.

As we believe this was a genuine error made in good faith, we are issuing a formal warning to HKUST\_EPI\_BLOCKCHAIN as per The Atlas 2.4.4.1 and will record this in the Governance Scope. No further action will be taken at this time.

(Note we have added a relevant section for recording Warning to the Governance Scope as this was an apparent omission based on The Atlas text - this ability to edit scopes is detailed under 3.1.1.1 in the Governance Scope).