

Perpetual Protocol was granted 9,000,000 OP tokens (currently worth around \$6.5 million) in a Phase 0 Grant, the proposal for which can be found [here](#).

This large grant was voted through as a batch vote, and in my opinion I do not think enough due diligence was done when green lighting such a large amount of funds.

1. Perpetual Protocol v1 collapsed resulting in loss of customer funds to the tune of \$44.6 million. Whilst it appears some progress has been made, there are still customers with outstanding unrecovered funds and ongoing disputes relating to these funds

You can see on Perp's governance forums that there is still on going discussions regarding this and a solution is not yet in place. The collapse took place during the Luna unwinding, which was before

the Phase 0 grant was approved.

- [PERP's governance forum](#)
- [Proposal to unlock PERP tokens to compensate users](#)
- [Second proposal to unlock 27.6 million PERP tokens to compensate users](#)
- [Proposal to buyback PERP tokens to support v1 users that lost funds](#)
- [Proposal to use PERP to provide compensation to Perp v1 users](#)
- Perpetual Protocol immediately market sold 500,000 OP via Uniswap and then bridged the USDC out of Optimism and back to mainnet via Hop protocol
- Transaction of sale [here](#)

I feel it is a bad precedent for distressed companies with outstanding obligations to be market selling Optimism grants and moving them out of the Optimism ecosystem.

1. 1.8 million OP tokens earmarked for airdrop to users have mostly ended up in team owned wallets, the majority of which have then been sold to stablecoins
2. Airdrop transaction [here](#)

Here are the wallets owned by the team / foundation. More than 70% of the airdrop ended up in these wallets out of which more than 70% were instantly dumped to stablecoins.

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Screenshot from 2022-07-19 13-07-31

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](<https://global.discourse-cdn.com/business7/uploads/bc41dd/original/2X/d/d5f599c5a6fc8e2ee4bb25ec5177eb4d111fc8c3.png>)

This seems to be because the vast majority of liquidity in v2 pools are provided by the team itself. Here is a decent [summary on twitter](#).

1. Immediately after the airdrop the TVL of PERP on Optimism dumped by nearly a quarter

This may have been people exiting who were solely providing TVL for the airdrop, but it does not bode well for the stated aims of the grant funding to increase liquidity.

So in summary in total on day one of receiving grant funding, 1,456,363

OP tokens were instantly dumped for USDC out of which 500,000 OP's worth was bridged out of Optimism entirely. There are users complaining in the Perp discord about receiving only minute amounts of OP as an airdrop - pretty much because the vast majority has circled back to the team.

Surely there is a better way of carrying out due diligence when there are giant sums like this being approved?