Summary of Ongoing Concerns: Warden Swap and its Governance Fund

Credit: @nanobro for initial insights

Background:

On June 17, 2022, the <u>Warden Swap proposal</u> was submitted to the OP governance forum, requesting a Governance Fund of 300,000 OP to enhance the trading experience on Optimism and promote the Optimism ecosystem. The proposal was <u>approved back in voting cycle 2</u>.

Proposed Fund Allocation:

• 35% Marketing (105,000 OP):

For targeted marketing campaigns, community events, and incentives for influencers to promote Wardenswap on Optimism.

• 20% Trader Incentives (60,000 OP):

For early adopters and active users to boost trading activity on Optimism.

• 10% Referral Program (30,000 OP):

For a program benefiting users who promote the use of WardenSwap on Optimism .

• 25% Builder (75,000 OP):

For grants or hackathons to aid developers integrating WardenSwap in the Optimism ecosystem.

• 10% Development & Maintenance (30,000 OP):

To cover associated costs of their Optimism related project.

Controversies and Concerns:

1. Marketing Initiatives:

Post-approval, Warden Swap has demonstrated minimal marketing activity related to Optimism throughtout the 1 year period after they received the fund, notable only through two tweets:

- Synthetix integration on Optimism: Link
- · Community Distribution campaign: Link
- · Trader Distribution:

Only 10,000 OP was distributed for their users who use their platform from August 1, 2022, to February 16, 2023, despite the initial proposal of full distribution within a year.

- Transactions from this distribution can be found here:
- OP Mainnet Transaction Hash (Txhash) Details | OP Mainnet Etherscan
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- The <u>announcement</u> indicated a plan to extend the distribution timeline to four years, diverging from the initial one-year proposal made to the OP collective.
- Builder & Referral Programs:

There have been no significant activities or developments in these areas, raising questions about the allocated funds for builders and referral incentives.

1. Recent Developments:

After a period of inactivity since Feb 2023, WardenSwap tweeted on May 2, 2024, aboutreorganizing with a new team and upcoming plans. On May 10, 2024, they proposed asnapshot vote to distribute OP tokens to traders and token holders, but without clear criteria. The team mentioned if approved there will be a "fair criteria for everyone, and the terms of the OP distribution will be announced in the next announcement."

 Controversially, approximately 17 new wallet holders, who began accumulating WAD tokens (the governance token of WardenSwap) since February 2024 just prior to the comeback announcement, participated in the vote. This situation was <u>highlighted</u> by a vigilant community member who noted the unusual timing and activity, raising concerns within the community regarding the legitimacy of the voting process and potential insider influence, as these new participants appear to disproportionately affect the outcome of governance decisions.

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