

Dear Optimism Community,

We are writing to express our appreciation for the Optimism Foundation's engagement with us regarding the issue surrounding the grants awarded to NFT Earth and LFGrow as part of our OPIncubator program.

Some members of the community perceive the transfer of OP tokens to NFT Earth and LFGrow, and the subsequent conversion to USDC to pay for the costs of launching their projects on Optimism as a violation of the underlying Optimism Governance Round 0 grant's terms. This is due to those projects being viewed as affiliates of Layer2DAO because of the overlap in multisig control between the projects and Layer2DAO. As such, they should not have disposed of the OP funds to USDC to pay developers or contractors.

Once the aforementioned projects have been identified as affiliates, their status as such would preclude the use of funds for the purpose of compensating developers, AWS, GCP or any off-chain vendor. We note, however, that our team held the view that certain individuals who participated in said projects did so in their capacity as community members of Optimism, and not as part of Layer2DAO. As such, they may not be considered affiliates and would not be subject to the aforementioned restriction on the use of funds.

We apologize for any actual or perceived misuse of the Optimism Phase 0 grant we received. We assure you that our focus was on the growth of the Optimism community, and we acted in good faith in continuing to provide funds for different needs on Optimism. We would like to emphasize that this should not reflect negatively on the recipients of other OPIncubator grants or the larger Layer2DAO community. We also want to highlight that we are not aware of anyone directing funds to their personal wallets for any purposes aside from covering external hard costs to their projects, and the funds were appropriately expended in building the projects. We have requested that the grant recipients provide detailed accounting to the Optimism community to disprove any misuse of grant funds.

We remain committed to the growth and adoption of Optimism and the larger L2 ecosystem and appreciate the community's attention to this matter.