

Token and Security: A Perspective on Uniswap Labs vs. the SEC

The following presents an alternative perspective to the confident expectation of winning the case. I am here to paint a picture of a world where Uniswap Labs loses the case against the SEC.

Token and Security:

The world would be better off if the SEC prevails. We've already witnessed a reality where it emerges victorious. In this scenario, Venture Capital privately raises funds at low valuations akin to accredited investors in the equity realm. All the value is siphoned away, and airdrops serve as golden parachutes for founders and VCs. These parachutes unfold over years through slow selling. There's no incentive to generate value for the token in which people have come to believe. While a glimmer of hope exists for fee switches, token burns, and token memberships, implementing these could land those with the golden parachute in trouble for making the token resemble too much of a "security."

The Revolving Door of Nepotism:

Insiders further extract value. Individuals closest to the information make moves to benefit themselves. A significant LP in the UNI pool withdrew funds and transferred them to Binance before the announcement of the fee switch transition. Upon reflection, it served as an excellent exit liquidity move. Who informed this person?

Former labs members or friends of labs members seek significant sums of UNI tokens for equity in competing products or get acquired with little value add to other similar products, or look for users to donate to pay lawyers to case fires. Is this truly a user-first world? Or is it still reminiscent of traditional markets where those privy to information extract value from the public?

Uniswap Losses, Good:

The SEC should compel VCs and founders to burn the UNI acquired in private rounds—pre-airdrop. The airdropped and treasury tokens are the only legitimate ones. Those who have exploited their positions of power should only claim rights to these tokens at their fair user value. What have VCs done to enhance the protocol? Nothing. If they did, it would likely be deemed a security. They exist to create artificial value and subsequently destroy it. To rectify the system, the VC model must be dismantled to foster real value, and the SEC prevailing would aid in this endeavor. They would mandate the shutdown of the Uniswap Labs frontend, which raises fees without informing users. Its value lies in trust, yet that trust has been monetized to the detriment of users.

FOSS Frontend Focus:

With VC and founder tokens burned and the privately owned frontend shuttered, we can rebuild. Utilize voting and the treasury to finance genuinely open-source frontends. These frontends could specialize in various routes, communities, and user personalization. Direct use cases and fees toward liquidity, loyalty programs, and rewards. Rectify the liquidity layer of the internet.

If the SEC wins, may the users triumph. It would usher in a world distinct from today's—one where UNI can stand alongside BTC as decentralized infrastructure.