Twitter Thread by Hardwood

Hardwood
@Hardwood_

1) Hello friends, how are you? My feed is a bullish sea. It's a festive time of year. Crypto has entered a bull market and people are making money left and right.

But what I'm writing about is not pleasant.

2) For every success story, there are ten failures. We don't always hear about them, nor do we want to. All too often are they swept under the rug.

I write about something disappointing and sad that has happened to one of my friends.

3) In an unregulated industry, standards govern - but it's the individuals's duty to keep himself safe out there. This is a story of starving humans who ate each other and then the dog. It is my hope that this thread will offer a word of caution to any who may need it.

4) A little more than two months ago, two anon friends of mine, sabotagebeats and Quantadelic - longtime friends with each other - started a #DeFi project by the name of Food Pyramid. Striking and bold,

5) FOOD began as an honest pyramid scheme - if there ever was one. 300 $ETH was raised in 10 minutes, stunningly. The founders were elated. Quantadelic could finally pay his rent and get a decent meal. They went out for pizza. It was the perfect success story.

6) On December 1, Food Pyramid rebranded to Autonomous Capital. On December 17, Autonomous Capital was dissolved. The treasury funds were redistributed to wallets holding FOOD, all except one - sabotagebeats.

7) https://t.co/jqgFo09O7K

What went wrong?

8) Throughout the lifespan of Food Pyramid, there was a tremendous lack of transparency and accountability where they mattered the most. In-team communications were terrible.

9) Perhaps one of the first signs that the apparent "honesty" of the project had been compromised came when Quantadelic privately offered to me and Kappala to pool our funds so he could market buy fUSDC at the moment it was listed,

10) as he'd be in the same room as sabotagebeats. We accepted - after all, what team doesn't buy their own coin? But the announcement was released a moment too early, and the founders were out of sync; it was ultimately unsuccessful.

11) Under Quantadelic's direction, the treasury hedged their ETH holdings with Opyn ETH puts (40 oWETH Put $400 12/25/20). As team members had difficulty working with Gnosis, and 6/9 multisig transactions take a long time to get approved,

12) funds were transferred to his personal address for the necessary transactions. Things seemed fine.
https://t.co/Tf5vMEBXzD

13) No matter, a second attempt came, this time with fETH - only this time the information was shared with team members before the announcement in a private channel. Only this time, FOOD community members had grown wiser, and were watching the deployer address.

14) Things did not go as planned.

fETH was done just a few hours after it listed.

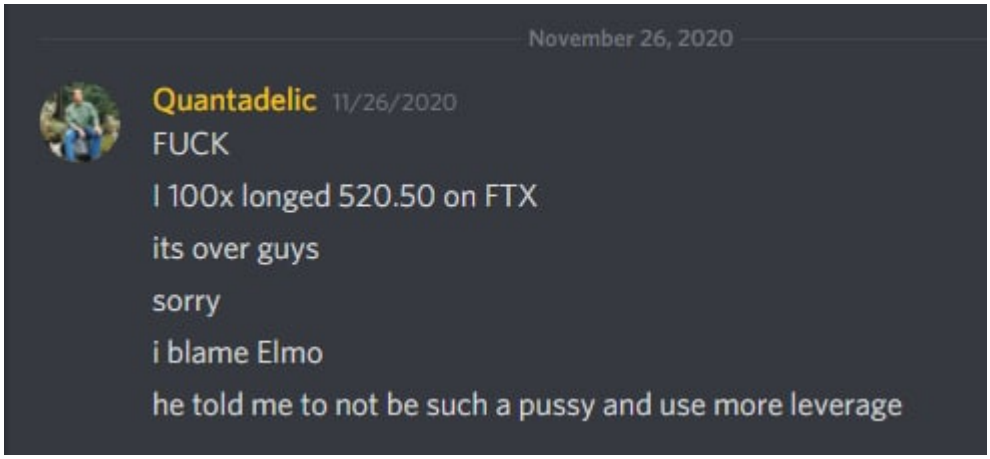
15) Developments were slow to come. Delay after delay came; sabotagebeats had little prior experience working on smart contracts, and had to figure things out as he went. For several weeks, the FOOD community was lost in a limbo,

16) anticipating a giant marketing push that never quite materialized. Different catalysts were tried - airdrop, meme competition, trading competition, marketing to Chinese crypto communities - but none were successful.

17) Cashflow into the treasury was negative; FOOD was losing money fast. Out of desperation perhaps, tokenomics were changed, marketing payouts were made in FOOD, equity proffered to sustain the project.

18) Out of ideas, Quantadelic suggested that he should trade with treasury funds. The team agreed. Up to this point, sensible decisions had been made and the shared belief was that this would persist. However, updates on trades taken became infrequent.

19) On November 26, Quantadelic posted the following screenshot.



20) When asked about it initially, he admitted that mistakes had been made, stops hit and money lost. But on later occasions he denied this same thing, claiming that it had all been a joke. It is unclear what really happened to the treasury funds under his control.

21) Team members were told on multiple occasions that the remaining funds were insufficient runway to build another idea - but somewhere along the way, Quantadelic changed his mind about this. The two founders repeatedly blocked and unblocked each other

22) on Discord and Twitter, refusing to talk even though they lived in the same house. Private chat groups were created with different combinations of team members. The decision-making process became slow, erratic, and centralized.

23) Tokenomics were changed twice - once to divert fETH/ETH liquidity back to the treasury, then again to create a final FOOD pump up to around $20.

24) Quantadelic proposed a rebrand. Team members would be reduced down to a skeleton crew. Food Pyramid would rebrand to "Autonomous Capital", the next idea on the list - pitched originally as a decentralized hedgefund concept.

25) The suggested MVP was a Balancer pool with volatility-adjusted fee settings. With this rebrand and MVP, a second raise would be done.

26) At this point I suggested in the private multisig channel (kept separate from private team channel) that the project be dissolved, highlighting issues of transparency, poor team communications, lack of accountability, lack of value in the new MVP. This proposal didn't pass.

27) DEGEN stepped up, volunteered to bridge the communications rift between the founders, work on these issues. I agreed to leave the team and allow him to try this.

28) Around this time, sabotagebeats was removed from the payroll. He had been working for half pay and did not want to continue working for half pay. The expectation was that a new solidity developer would be onboarded. This never happened.

29) Some time after, a multisig transaction to remove liquidity from fToken and FOOD/ETH pools was executed, ostensibly to be transferred into a new Gnosis safe.

30) However, this also never happened. Multisig holders sent the funds to Quantadelic because they couldn't figure out how to remove the liquidity through Gnosis.

31) The understanding was that he would remove the liquidity and then send the funds back, but he “went on break" for a few days. This break was announced to and discussed with all remaining team members except sabotagebeats. During this break,

32) ~$15k USDT was transferred to two unknown addresses that had had repeated txns with FTX.

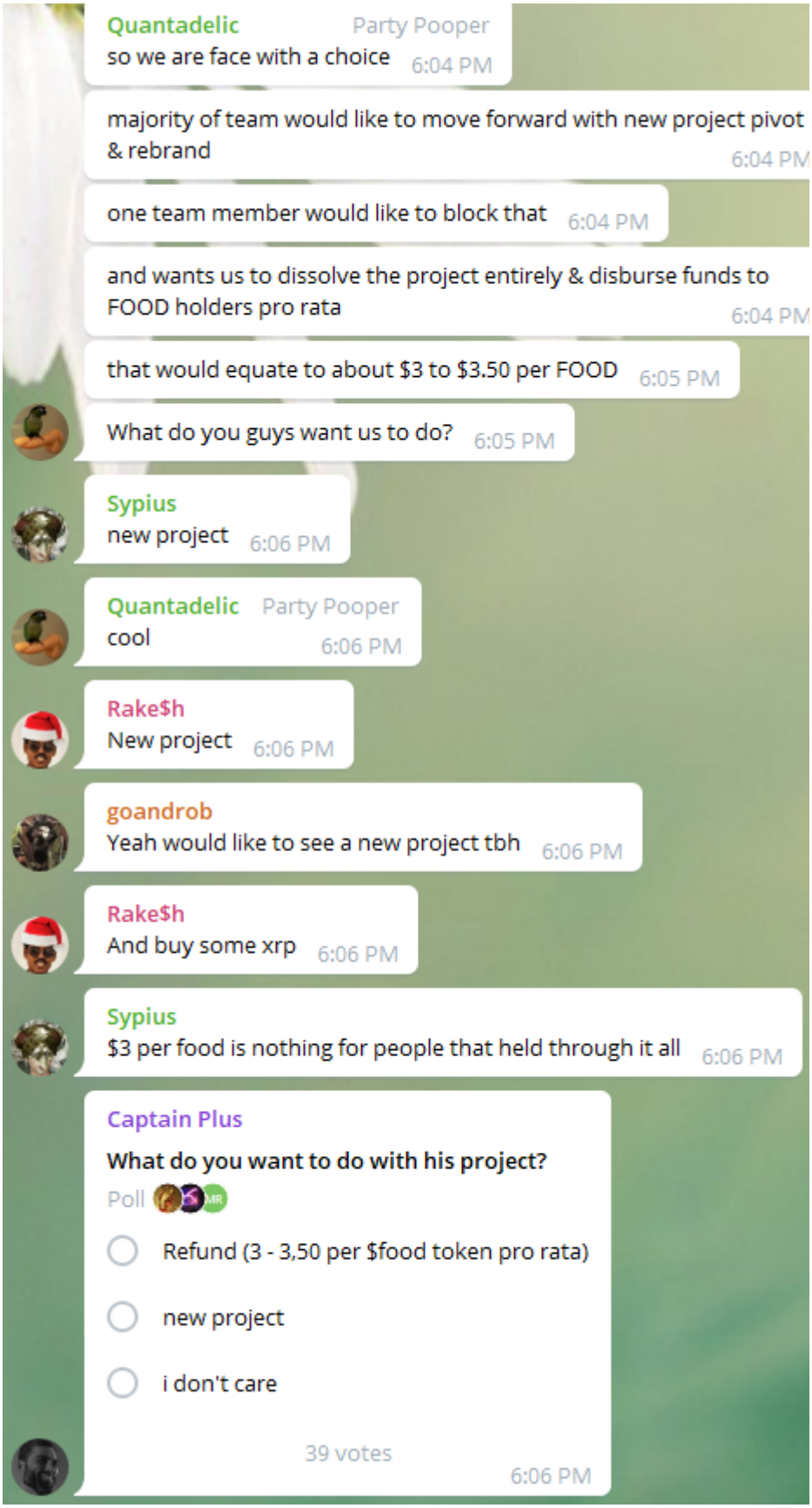
https://t.co/MmSvGTeORQ
https://t.co/MTvhLXFXCd

33) Days passed without any updates on the situation.

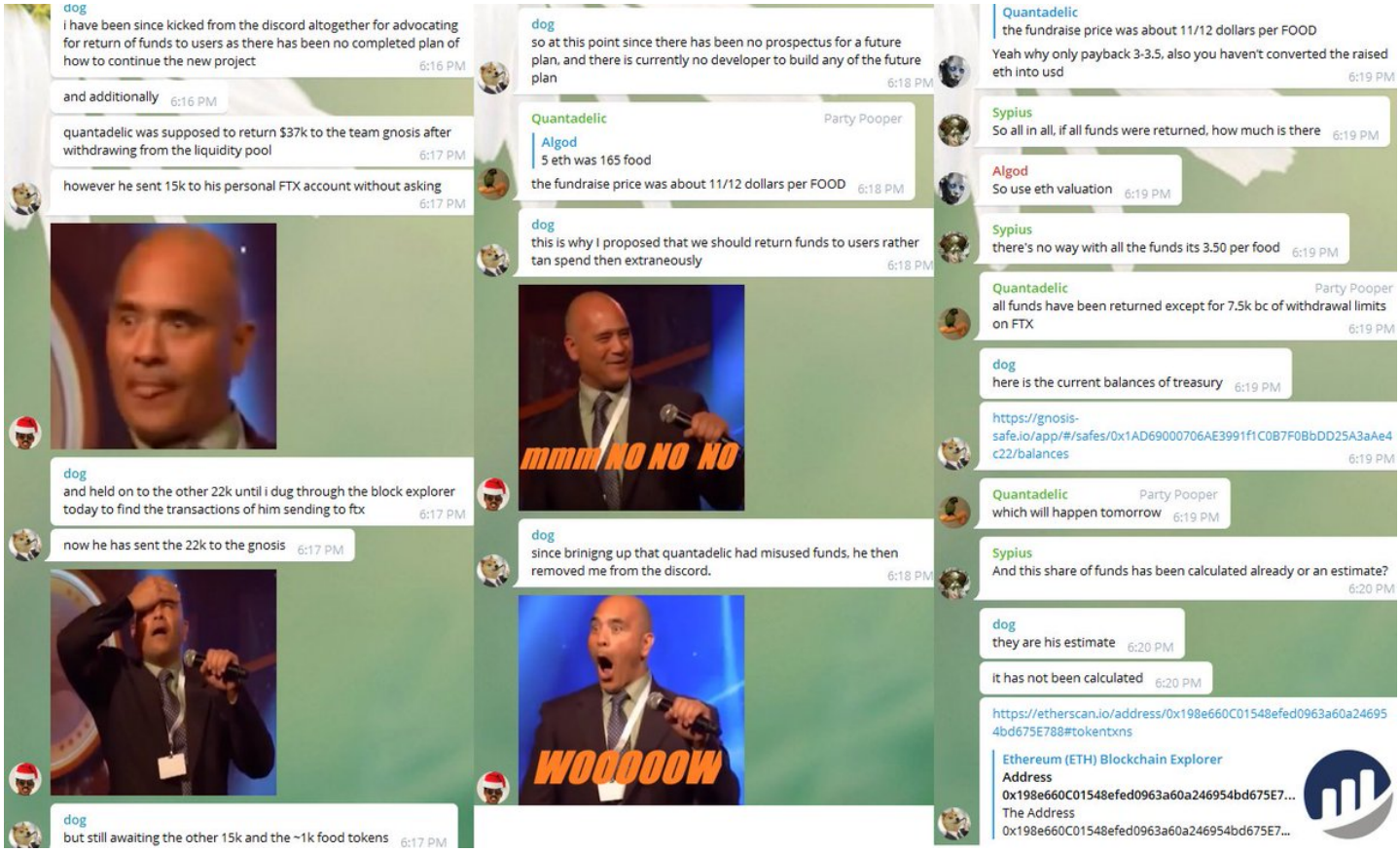
Sabotagebeats brought this to attention in the multisig channel which I was still privy to. The next day, Quantadelic returned, responded, and changed the multisig channel to read-only. Sabotage was banned from Discord.

34) Quantadelic asked the community in Telegram what they wanted to do next.

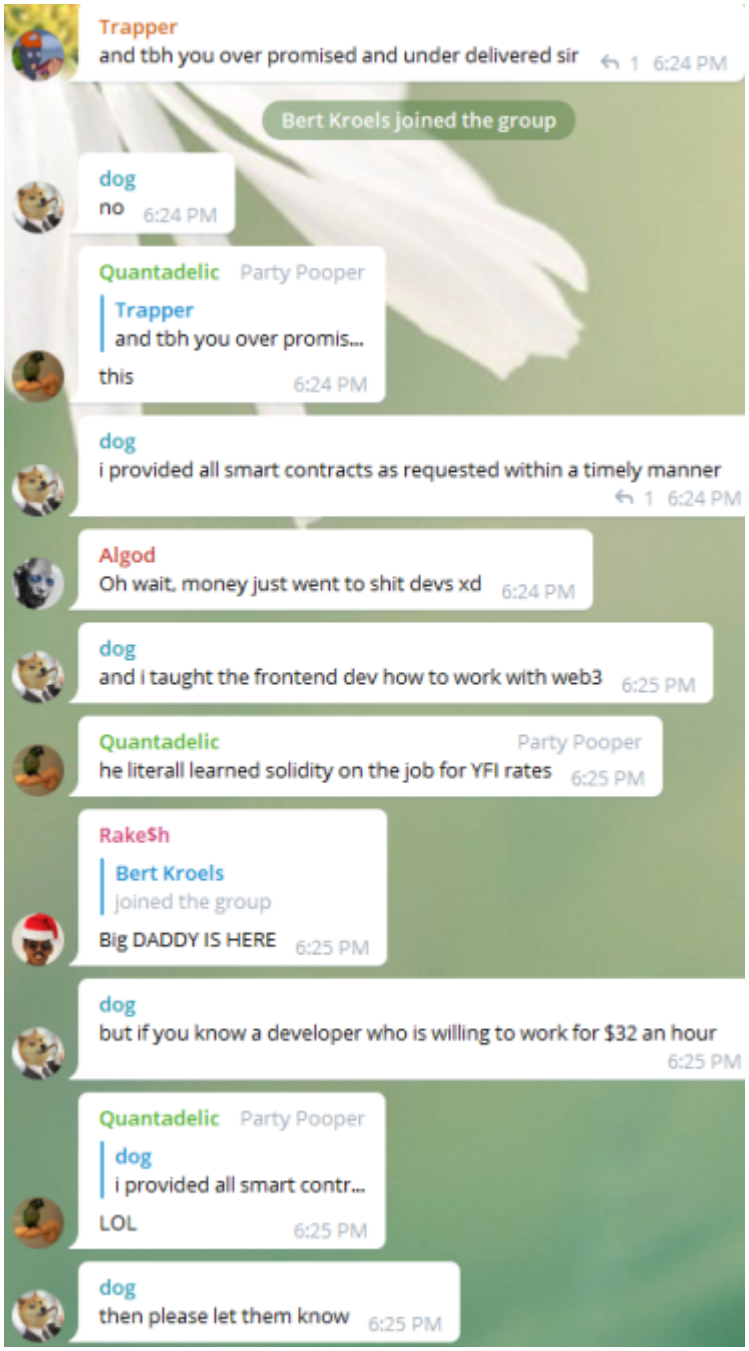
Context was not provided. Up to this point project discussions and decision-making had largely taken place in private channels.



35) At this point, Sabotagebeats responded in Telegram and the following talk took place:



36) Disgruntled community members expressed their displeasure publicly and disparaged sabotagebeats for being unskilled with Solidity development. The following exchange was had.



37) Sabotagebeats left the Telegram server. I stepped in to respond and provide clarity on the events that had happened.

38) Records of past project expenditures and treasury trades were requested by community members. Previously when team members had requested this same information, they had been denied or ignored. Quantadelic agreed to provide them, but still has not done so.

39) After prolonged discussion of what had happened on the project, Quantadelic assented to project dissolution, claiming optics were too bad to continue.

40) I was subsequently banned from project Discord and Telegram servers, and some of my messages manually deleted.

41) Sabotagebeats was later reinvited to the Discord server, but was not given access to team or multisig channels. He was being verbally abused by Quantadelic, so he left again.

42) The funds were not accounted for prior to redistribution. Not all of the money seems to have been returned - some of it is still at 0x828955903cdad655fc5a83b88905b24e83d58df6. The ETH puts, though worth very little now, also were not accounted for.

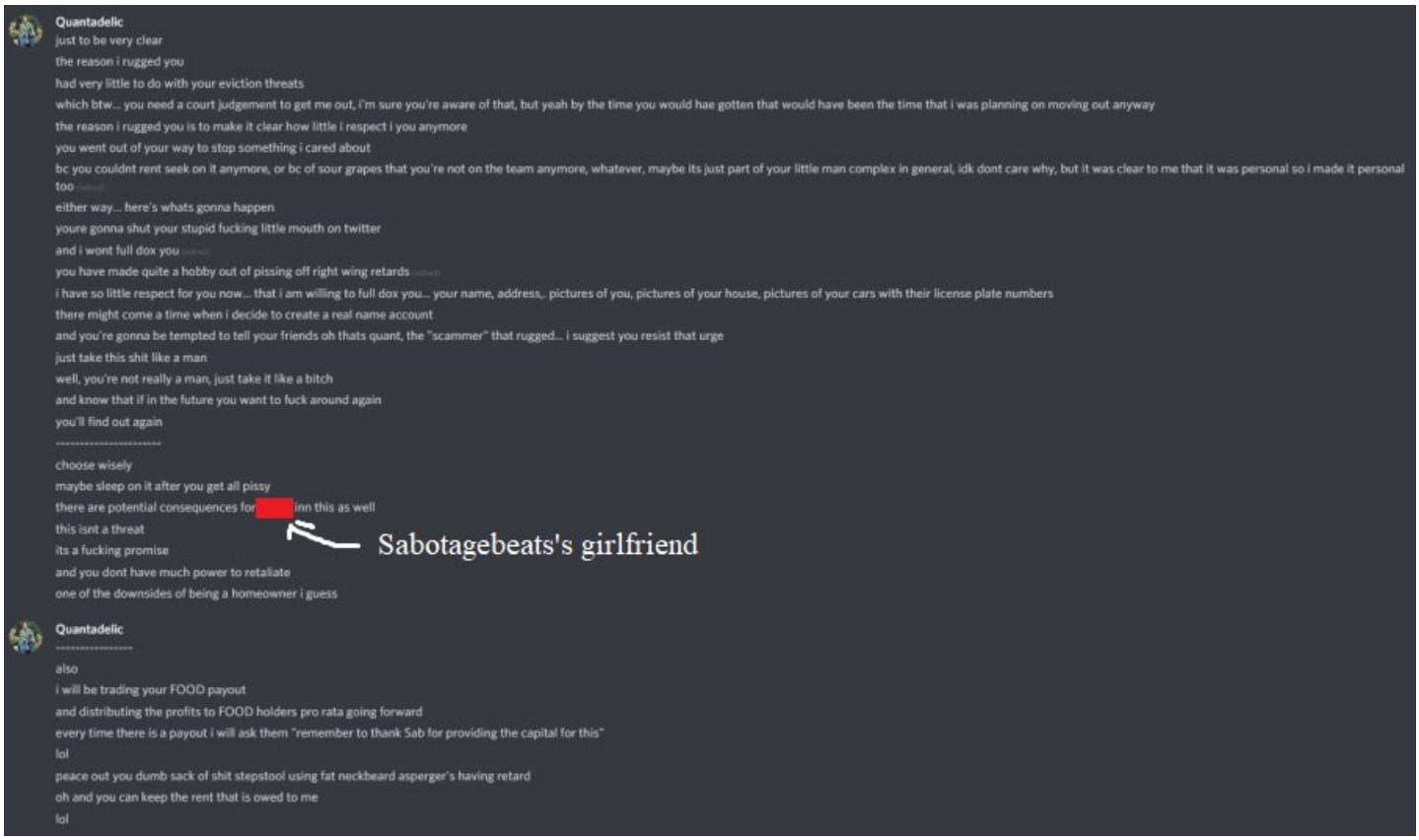
43) FOOD treasury redistribution txn: https://t.co/jqgFo09O7K
Wallet with unmoved USDT: https://t.co/v3ZgxEDDdQ

44) Quantadelic has publicly admitted to rugging sabotagebeats.

45) He is now trading the rugged funds in an attempt to make FOOD investors whole.

46) Quantadelic personally threatened sabotagebeats, whose house he was living in.

To be clear, the eviction notice issued by sabotagebeats was due to Quantadelic's failure to fulfill his duties as a tenant.



47) Without commenting on personal conduct, I can only say that this is not how you do business. Ultimately all multisig key holders and team members who allowed this to happen, myself included, are partly responsible for the failure of the project.

48) However, the purpose of this tweet thread is not to point fingers or apportion blame.

I am disappointed and saddened that this has happened to a friend of mine, and that the project has been such a failure.

49) Because, ultimately, it matters little what our intentions were. People lost money because we failed. To traders, the language of profit and loss speaks louder than that of virtue and vice.

50) My own opportunity cost has been high. I have given up trades and other opportunities to profit, with the time and effort that I have spent on the project and on this thread.

51) If this thread prevents even one person from being rugpulled, it's worth it to me. I would hate for anybody to suffer what has happened to my friend.

52) #DeFi is yet incomplete, despite the best efforts of everybody in the space. It is one possible future of finance, but it is not the present. Today these basic tenets ring true, more than ever: don't trust; verify. Do your own research, and do it well.

53) I have minted a DOGFOOD token with 9238 supply, roughly the same amount that sabotagebeats was rugged for (~$9237.7). This token will be part of my attempt to make him whole. Sabotagebeats is working on a smart contract to automate its distribution.

54) DOGFOOD is inherently valueless. It is nothing more than a token of gratitude from a rekt Shibe. It is a commemorative token to show appreciation and support to sabotagebeats if you feel so inclined.

DeFi Ted signed two multisig transactions since the start of the project and was cast out when he began to challenge everything from the start. He left the team after realizing the project was headed down a dark path.

https://t.co/l2341qBoIq

Any contributions to the hardwood cockfund from now until February 1, 2021 will be donated to sabotagebeats.

To clarify, the Gitcoin grant was not made for the purpose of making sabotagebeats whole. I simply set it up for fun, ergo "cockfund" lol. Probably nobody will donate to it (as they haven't) and that is perfectly fine. I just want to do what I can for my friend who was rugged.