



Claim Must be Accepted – Rebuttal of 0xfd1A’s “List of reasons to reject the claim” and Compilation of Previous Evidence

Honourable jurors of the Blockchain court,

In this document, I first offer a rebuttal of the latest argumentation by 0xfd1A, which is then followed by a compilation of the claimant’s and my own evidence, which will hopefully be helpful to newcomers in this case or to those who otherwise find themselves lost in the absurd number of arguments brought up so far by the challenger side.

How to Read this Document

Let me first apologise for the length of this document, much of which is dedicated to replying to the monstrous jumble of rationalisation attempts thrown around haphazardly by the challenger side.

I recommend opening this file in a desktop web browser such as Firefox since it contains many cross-references and the “previous” button will make it easier to navigate back.

The rest of this document is composed of:

- [A Rebuttal to the previous argumentation by 0xfd1A](#). If you are new to the case, you should read [2 Summary of Events](#) and [3 The Claim is Valid](#) first.
- A detailed table of contents, which can in particular be used to get a bird’s eye view of all the lines of reasoning invoked so far and to easily navigate to the arguments you are most interested in or skeptical about.
- A [Summary of Events](#), which I consider essential reading for all new jurors.
- An explanation of why [The Claim is Valid](#), also essential reading.
- [A rebuttal of pretty much all objections raised by the challenger side](#). Each of these rebuttals can be read if and as the need arises.
- [An explanation of my belief that the Blockchain/Technical court has been 51% attacked and the effects of that](#).
- The [Conclusion](#) which I also recommend as essential reading.

Much of the material in this document is compiled from my previous evidence:

- [Summary of events and argumentation](#). In particular, sections 1 and 2 where I summarise the events leading to the claim and explain why the claim must be accepted, as well as the conclusion, which I all consider essential reading.
- [Rebuttal of juror 0x5e7B’s arguments](#).
- [Evidence of Attack on the Technical Court \(and Rebuttal of Heliast’s Arguments\)](#).

Novel material and arguments are marked with a bar on the right side, like this one →



Rebuttal of 0xfd1A's [List of reasons to reject the claim](#)

Notes:

- I will not reply to 0xfd1A's "Answer to Mizu's meta comments" since it misconstrues my point almost entirely and adds little to the conversation (which is already noisy enough as it is).
- I will refer to the author of "List of reasons to reject the claim" as 0xfd1A out of politeness, but it is my belief that this person is the same person as 0x5e7B, who I in turn believe to be the 51% attacker which I have dubbed Cerberus in [5 Meta: The Technical Court has by All Appearances Been Subjected to a 51% Attack](#).

Re: A. "The Kleros rules ask for jurors to consider the primary document as a source of law"

Here, the argument seems to be that it is irrelevant that the "Policy Details" were not available until after the claim was filed since the General Court policy states that "jurors should base their rulings on court policies and arbitrable application primary documents as they exist at the time of the creation of the dispute". However:

1. The "Policy Details" are external to the primary document.
2. The primary document states that "jurors are expected to refer to the specificities of each individual cover policy ([...]) which are shared in the "Policy Details" section". No mention is made of any specific snapshot of the "Policy Details" to use, and yet jurors certainly cannot just use the current version at the time of examining the evidence since that would violate the rule that "rulings should be made based on the "state of the world" at the time a dispute was created".
3. Jurors are free to use their own discretion in interpreting incomplete or ambiguous rules and here, the sensible approach is to apply one of the most basic principle of contract law: that a contract cannot change without some kind of agreement between the parties involved. At the time of filing the claim, the claimant was guaranteed a refund through the rules laid out in the primary document and the (empty) "Policy Details". Clearly, accepting a change in either the primary document or the off-chain "Policy Details" after the claim has been made —or even after the occurrence of the insured event for that matter— contravenes this most basic principle of contract law. Not to mention that the claimant would be unjustly stripped of their 0.55 ETH claim deposit if their claim were to be rejected on the basis of a policy update imposed after filing the claim.
4. More than that, Kleros would effectively be enabling a scam by allowing the proverbial rug to be pulled from under the claimant's feet in such a way, and I will remind jurors of what the General Court policy has to say on this matter (emphasis added):

Jurors should not rule in favor of a side who have engaged in immoral activities (example: rule reject on "revenge porn" images even if they would otherwise fit into the category). "Refuse to arbitrate" should be used for disputes where both sides of the dispute have engaged in activities which are immoral (ex: refuse to rule on an assassination market dispute). Immoral activities include: Murder, slavery, rape, violence, theft and perjury.

If theft and perjury are included in this (non exhaustive) list of "immoral activities", then surely scams should be considered included too, and an insurance policy where the insurer attempts to *ex post facto* change the terms in their favour after an insurable event occurs or a claim is made certainly qualifies as a scam.



0xf1A then cites two Proof of Humanity profiles which were rejected due to an IPFS data availability issue as “jurisprudence” for ruling against parties who suffered a data availability issue which was “not [their] fault”. Setting aside the fact that Kleros jurors are not required to abide by case law (especially not when it is so poorly established), this actually serves as a better argument for why it is okay for jurors to rule against the “Spartan Bucket”, not against the claimant: in the Proof of Humanity cases, it was the registrants who failed to make their profile data available, or to be more specific, they entrusted their data with a third party (app.prooffofhumanity.id) which failed them. In the current case, it is the capital providers (the “Spartan Bucket”) which have entrusted the Unslashed development team with, among many other things, making the Policy Details available. The lack of Policy Details in this case happens to be prejudicial to the capital providers and so they are the ones to bear the cost. If they feel that they have been let down by the Unslashed development team, *they* are free to request a refund from said team.

Re: B. “The alleged incident would be specifically excluded from the policy”

The points made here have mostly already been refuted in [4.2 There is no Reason to Exclude Losses caused by Bridge Delays](#) and are regarding the following exclusion that can be found in the [primary document](#):

A claim may be rejected if the loss:

[...]

- is due to external inputs such as oracles - including price feed manipulation - or miner behavior, network congestion, etc. which didn't operate as intended but the covered Smart Contract Network continued to behave as intended; or

[...]

The specific claim that “there is no reason to” “override” the “may” clause which excludes “external inputs” has already been refuted in [4.2.2 The Optional Exclusion for Losses due to “External Inputs” does not Apply in this Case](#).

0xf1A then invokes the “spirit of the dispute” citing the factoid that the word “may” can be used as a more polite form of “should”, which is certainly news to me, but perhaps I am lacking in imagination. They also reference the fact that some “Policy Details” documents use the wording “in no case whatsoever” here instead of “may” as evidence that the spirit of this insurance contract was that “may” should be interpreted as “must”. However, 0xf1A is completely ignoring the fact that a contract is an agreement between several parties, one of which is the claimant in this case, who could not possibly be expected to peruse through all Unslashed policies in search of such discrepancies. 0xf1A is once again showing their bias towards Unslashed and the “Spartan Bucket” by only considering the “spirit of the dispute” from the insurer's perspective.

Furthermore, I have already explained in [4.2.3 The Optional Exclusion for Losses due to “External Inputs” does not Apply in this Case](#) why even when interpreting the “may” clause as a “must”, the exclusion for “external inputs” is not applicable:

The second *necessary* condition for applying this rule is that “the covered Smart Contract Network continued to behave as intended”. However, the Waves bridge is an integral part of the covered “Smart Contract Network” with both endpoints being part of it (as opposed to one of them being external as would generally be the case with a price oracle for instance), and it was essentially severed with regards to the bridging transaction at stake in this claim and therefore not behaving as intended.

Re: C. “No funds were lost, there was only a delay”

Here, 0xf1A asks ask us “Do you believe the spirit of the insurance was to cover over a bridge delay? Or only to cover against the bridge losing user assets?”. And the honest answer is that there is no way



of knowing either way. It is simply insane to ask purchasers of insurance products and jurors to divine the state of mind of the “insurer” at the time the policy was written, and at the end of the day, it is up to the insurer to clarify any exclusions they wish to have enforced. As it stands, all losses “*due to* [...] unavailability or failure to access or process these covered smart contracts” (emphasis added) are covered.

Oxf1A then goes on to state that losses resulting from delays are “always subjective”. But the very claim at stake in this case is a clear counterexample to this fallacy since, as demonstrated in [2 Summary of Events](#) and [4.13 The Claimant did *not* have Any Way of Further Reducing his Exposure to USDN During the Bridge Malfunction](#), the claimant was at the time of the event executing a very consistent strategy and had no intention whatsoever of holding on to the USDN they had just acquired.

Oxf1A then claims that “delay insurance” always has a cap on the amount that can be claimed, but as I had already explained ([4.11.1 Furthermore, the Risk was *not* Unbounded](#)), there is already very much a cap on the claimable amount in this case. I would further like to emphasise that the Vires USDN policy in question in this case covers the value of the contents of the insured parties’ wallets. Here, some of that value was lost due to the bridge malfunction which resulted in the excessive delay, which is actually a *better outcome* than if the bridge had become inoperable indefinitely or been hacked.

Oxf1A further provides the completely incongruent example of car insurance: “Does the car insurance reimburse the cost to fix your car? Yes. Does it reimburse you because of the important work you missed? No.” This is entirely misleading since in this case it is the contents of the claimant’s wallets which has been insured and not the wallets themselves. Some actually appropriate analogies can be found throughout this document (for example in “Re: E” below).

Oxf1A finally concludes that they “have never seen a jurisprudence where a subjective damage for something being late was reimbursed” to which I will conclude in turn that the damage was in no way subjective and that there are certainly many insurance products out there which cover losses due to delays among other things.

Re: D. “The delay is low and within the stated functioning of the bridge”

The concerns expressed here had mainly already been addressed:

- [4.14 The Bridge Delay was *not* “Acceptable”](#);
- [4.3.1 Insurance is Needed *because* the Bridge’s Terms of Use Protect its Operator from Liability](#); and
- [4.3.2 Rejecting Insurance Claims over the Insured System’s Terms of Use is Absurd and would Mean Rejecting Almost All Claims](#).

The concerns about the very unlikely event of the bridge operator using some discretion are now addressed in [4.3.3 That the Bridge Operator Reserves Itself the Right to Refuse Service to Certain Users is Irrelevant](#).

Re: E. “The amount claimed is way too high”

This section of Oxf1A’s arguments is based entirely on the thoroughly debunked premise that “no funds were lost” is a valid way of looking at this claim. I will simply recycle the analogy I proposed in the conclusion of my [first argumentation](#) to demonstrate the absurdity of Oxf1A’s demand that only interest on the affected funds be paid as compensation for the claimant’s loss:

Imagine for a moment that the claimant were a trucker wishing to transport seafood from one country to another, both countries being connected by a single [drawbridge](#). To protect himself from the unreliable road infrastructure in the first country, the trucker purchases insurance for the contents of his truck, including protection in case of bridge failure as well as “unavailability or failure to access or process the covered road infrastructure”. Now, let’s



say the drawbridge operator fails to lower the bridge for over a day, resulting in some of the trucker's seafood to spoil and lose its value. Should the insurer pay the trucker for the value lost? In my mind the answer is a resounding *yes*.

Oxfd1A would presumably demand that the trucker only be paid whatever interest they might have been able to receive had the cash-equivalent of the truck's content been deposited in a bank account, which is simply absurd. At this point, I will simply remind the jury that **the insurance policy covers "losses *due to* [...] unavailability or failure to access or process these covered smart contracts" (emphasis added). The claimant would not have incurred a loss had the bridge not malfunctioned and this loss is therefore what is covered.** An argument could perhaps be made for covering the loss of profits incurred by the malfunction *as well*, but the claimant has restrained from including losses of profit in his claim.



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1 Glossary

The Claim A claim for a loss of 16,338 USD caused by an excessive bridge delay.

The Bridge The Waves Exchange Gateway, a bridge used to bridge assets between the waves blockchain and the Ethereum blockchain.

The Claimant Avraham Eisenberg, a.k.a. nftmevking.eth. The person having incurred the loss and who filed the claim.

The Policy The Vires-USDN Policy that the claimant purchased, covering the USDN stablecoin peg, the Vires smart contract network, and the Waves Exchange Gateway (a.k.a. bridge).

The Primary Document The [document](#) jurors are tasked with enforcing.

The Policy Details A policy-specific external annex to the Unslashed primary document. This document is stored neither on chain nor on IPFS and was not published until after the claim in this case was filed. Its status was [the following](#) some time after the current challenge was initiated.

The Spartan Bucket The liquidity pool that collects insurance premiums and is used to pay out claims. Capital providers provide capital to the Spartan Bucket and I use both terms interchangeably.

Cerberus The codename for a juror [strongly suspected](#) of having 51%-attacked the Technical court using 3 accounts dubbed Cerberus 1, 2, and 3. It is also my strong belief that 0xfd1A is the same person.



2 Summary of Events

Let me first summarise the events leading up to this case:

1. The claimant-to-be (a.k.a. nftmevking.eth, a.k.a. Avraham Eisenberg, henceforth simply “the claimant”) [purchased the “Vires USDN” cover in question](#) (represented by the [Vires USDN Premium Token](#)) at 12:28 UTC on April 1st. Based on my analysis of his behaviour, this purchase can be presumed to have been made in order to insure a trading strategy involving bridging USDN from Waves (USDN’s home chain) to Ethereum and swapping it on Curve. (If one looks at the surrounding transactions, one will notice that a larger amount of the same cover was purchased two minutes earlier, presumably by mistake, but that cover was cancelled 3 minutes later and so is of no concern to us here.)

It is important to note that at the time, the Vires-USDN-specific policy was not available and the Unslashed UI only displayed a “coming soon” text when mousing over the policy details link as can be seen in the claimant’s [screenshot](#), a fact which is not disputed. In other words, the claimant only had Unslashed’s official [marketing material](#) and the (hard to access) primary document to base himself on to judge the usefulness of the policy for his needs.

2. At 13:13 UTC on the same day, the claimant [sent 1,000,036 USDN](#) to the Waves-Ethereum gateway (i.e. bridge). At 13:14 UTC, he [transferred another 619,963.8 USDN](#) to the same gateway address. Both amounts are inclusive of 33 USDN in gateway fees each. Over the next day or so, the claimant transferred upwards of 5M USDN in this fashion in what looks like part of a consistent strategy.
3. Ten minutes later, at 13:24 UTC, the claimant [received 619,930.8 USDN](#) (i.e. the second sum minus 33 USDN in gateway fees) to his Ethereum address from the Waves-Ethereum gateway smart contract. However, the 1,000,003 USDN expected from the first transaction [did not arrive until 17:36 UTC the next day](#) (April 2nd), i.e. 28 hours and 23 minutes later.
4. In the meantime, the claimant consistently [continued to execute his strategy](#) of transferring USDN from Waves to Ethereum and swapping it for USDC on Curve.
5. When the delayed 1,000,003 USDN [finally arrived](#) at 17:36 UTC on April 2nd, the claimant did not waste time to execute his strategy and [converted it to USDN](#) less than an hour later at 18:12 UTC.
6. On April 6th, **after having *unsuccessfully* tried to get the Unslashed CEO to disclose the Vires-USDN-specific policy details**, the claimant filed his claim.
7. Unslashed finally made the policy details available around the same time they challenged the claim, **many days after the claim had been filed**.

To summarise further, there should be no doubt that:

1. The claimant sent 1,000,003 USDN (exclusive of fees) from Waves to the Waves-Ethereum gateway in order to immediately swap it for the actually stable USDC token.
2. The Waves gateway failed to operate normally in that instance and the transaction was delayed by over a day when it should have taken around 10 minutes.
3. The claimant acted promptly and responsibly to avoid any further loss from USDN depreciation.
4. The Unslashed team acted extremely shadily and negligently in refusing to disclose the Vires USDN policy details (and one might wonder if this document even existed).

The price of USDN at 13 UTC on April 1st when the claimant should have received the bridged USDN was .995 USD, and the amount the claimant was able to trade his 1,000,003 USDN for on April 2nd at 18 UTC was 978,662 USDC hence the claimed loss of $995,000 - 978,662 = 16,338$ USD, or 5.105625 ETH at the time the claim was made (at 1 ETH = 3200 USD).



3 The Claim is Valid

3.1 There Exist No Applicable “Policy Details”

The [primary document](#) in this case requests that jurors “refer to the specificities of each individual cover policy (such as the name & address of the insurance tokens, the contracts & custodians covered and other coverage details) which are shared in the “Policy Details” section”. However, these “Policy Details” were unavailable (marked as “coming soon”) at the time the cover was purchased and of filing the claim and as such should be considered empty for the purpose of evaluating this case. ¹

As such, jurors must disregard the current [Vires-USDN-Specific Policy](#) (a.k.a. “Policy Details”) entirely since it can neither be claimed to be nor shown to be the active policy at the moment the damage occurred, and instead the adequately named primary document should, as always in Kleros cases, be treated as the primary source of truth as far as case policy goes.

3.2 The Waves Bridge is Part of the Vires USDN Cover

Since the claimant is making a claim under bridge protection, this leaves us with the task of determining which clauses apply to bridge failure and how. First of all, despite the absence of “policy details” it is clear from Unslashed’s [official marketing material](#) (archive link: archive.ph/PkAmG) that bridge failure is to be considered covered as part of the Vires USDN cover.

3.3 The Claim Complies with all of the “Smart Contract Integrity” Criteria

Unfortunately the “Unslashed General Claims Acceptance Rule Sets” (primary document) does not explicitly mention bridge cover, but the “Smart Contract Integrity” cover seems appropriate. Its terms are (emphasis added):

The claim will be accepted under this policy if:

- the loss is related to the Smart Contract Network described in the relevant cover policy; and
- the loss occurred due to an unauthorised, malicious or criminal act aiming at exploiting covered smart contracts’ code vulnerabilities; and/or loss occurred due to errors or omissions in code implementation, **or unavailability or failure to access or process these covered smart contracts**; and
- the loss occurred during the policy period.

The claimant provides the following perfectly reasonable arguments as to why his claim meets the second and third criteria (the first criteria being obvious) in his [evidence](#):

The “or” means that losses due to “unavailability or failure to access or process these covered smart contracts” are covered, even if there were no vulnerabilities. In this case, there was a failure to access or process the covered smart contracts operated by the bridge, for a 28 hour period of unavailability. Additionally, the loss occurred during the policy period, which starts immediately after the insurance token was added to my wallet (on Apr 1 at 12:26 UTC as can be seen above), while the bridge transaction was at Apr 1 at 13:13 UTC.

¹I would also like to draw the jury’s attention to the fact that imposing a reliance on a dynamic resource in this way (as opposed to e.g. an immutable IPFS link) goes against the spirit of a blockchain-based protocol and is a vector of attack available to anyone with administrative privileges over the website that could be wielded against customers and jurors alike. This is because the referenced document can be changed without notice or traceability allowing, in essence, the “facts” of the case insofar as the policy’s wording is concerned to change at any time.



Please note that while the policy also insures a loss from the token going below peg, this claim is not made under that portion as it does not qualify, this claim is solely for the loss resulting from the bridge not working as intended. If BTC had been withdrawn and similarly delayed, causing a loss, that would be covered just the same.

The claimant also demonstrates in section 2 of the [same evidence](#) document that bridging is an operation which under normal circumstances takes less than 10 minutes. Thus, it is more than fair to say that a delay of more than a day, which is two orders of magnitude greater than 10 minutes, truly constitutes a very considerable “unavailability” and “failure to process” the bridge smart contracts.



4 The Objections Raised by the Challenger Side are All Invalid

In this section, I review and refute all of the objections raised against the claim.

4.1 The Policy Became Active Immediately upon Purchase

In section 1 of the challenger's [Evidence 2](#), they assert that the policy only becomes active after 10 days of purchase.

What they are referring to is a condition of the [Vires-USDN-Specific Policy](#) (“policy details”) which, as already discussed, the claimant did not agree to and could not have agreed to since it had not been published at the time he bought the cover or even at the time the damage occurred. This condition is not part of the primary document either and is therefore no condition of the insurance contract the claimant agreed to at all.

The fact that some of the “policy details” of other covers contained this clause is of no relevance. If one signs a contract with a company, is one supposed to peruse through every other contract the company has ever used, looking for clauses which might apply? Obviously not. Not to mention that, as [pointed out by the claimant](#), not all covers have this clause.

4.2 There is no Reason to Exclude Losses caused by Bridge Delays

4.2.1 The “Waves Exchange Gateway” Cover Conditions Laid Out in the “Policy Details” are not Applicable

In section 2 of their [Evidence 2](#), the challenger asserts that “unavailability or failure to process” the bridge smart contracts is not covered by the “Waves Exchange Gateway” cover conditions.

This argument is also based on the application of the “policy details” which were unpublished until after the time of the event and therefore inapplicable, as argued in the previous subsection.

4.2.2 The Optional Exclusion for Losses due to “External Inputs” does *not* Apply in this Case

In section C (2C) of their [second evidence](#), 0x5e7B (Cerberus 1) argues that the failure of the bridge to process the transaction was not due to a bug in smart contract code but due to the bridge operator, and that losses due to “external inputs” are supposedly not covered by the policy.

The actual rule is:

A claim may be rejected if the loss:

[...]

- is due to external inputs such as oracles - including price feed manipulation - or miner behavior, network congestion, etc. which didn't operate as intended but the covered Smart Contract Network continued to behave as intended; or

[...]

However:

1. Rejecting claims on this basis is not a strict requirement: “a claim *may* be rejected”, not “must”, “shall”, nor even “should” be rejected.



2. The “Smart Contract Integrity” cover section relevant to this case explicitly covers “unavailability or failure to access or process [the] covered smart contracts” and such eventualities clearly indicate an issue external to the covered smart contracts, such as consensus failure or the failure of some operator to perform a transaction. Combined with the previous point, this should be reason enough to reject the argument that all “external inputs” should be rejected.
3. The second *necessary* condition for applying this rule is that “the covered Smart Contract Network continued to behave as intended”. However, the Waves bridge is an integral part of the covered “Smart Contract Network” with both endpoints being part of it (as opposed to one of them being external as would generally be the case with a price oracle for instance), and it was essentially severed with regards to the bridging transaction at stake in this claim and therefore not behaving as intended.
4. The loss was not due to any “input” by the bridge operator, but by a lack thereof.

Considering that jurors are not required to apply this rejection rule but only allowed to if they see fit, that applying this secondary rule here would essentially make an important part of the main policy worthless, and that it arguably does not apply to this situation anyway, I think it is clear that it should not be applied here.

4.3 The Waves Exchange Terms of Use are Irrelevant

In section 3 of the challenger’s [Evidence 2](#), it is argued that since the [terms of use](#) of the Waves Exchange exclude the company managing the exchange ecosystem from liability in case of suspension of service or technical difficulties, such occurrences should also be uninsured by Unslashed.

4.3.1 Insurance is Needed *because* the Bridge’s Terms of Use Protect its Operator from Liability

The challenger is really grasping at straws with this line of reasoning. Their claim is that since the terms and conditions of the Waves gateway excludes the company operating the gateway from liability for unavailability (among other things), the user has thereby accepted the risk that the Waves gateway may sometimes not function or that unavailability or long delays could thereby be considered “normal” and not subject to insurance. This is however an absurd take on the matter since it is *precisely* because the Waves gateway operator rejects liability for these cases that insurance is needed. Indeed, if they did accept liability for the current claim, the claimant could request a refund from the gateway operator without having to go to the trouble and expense of purchasing a separate insurance policy first.

4.3.2 Rejecting Insurance Claims over the Insured System’s Terms of Use is Absurd and would Mean Rejecting Almost All Claims

Furthermore, such liability exclusion clauses are the standard for smart contract systems, and for instance, the Vires protocol covered under the very same policy contains similar clauses in its [terms of use](#) (emphasis added):

We provide the measures of Emergency shutdown for a smart contract in case of vulnerability detection. During the Emergency shutdown, *related services can become partially unavailable* until a decision is made to resume operation.

[...] *You understand and agree to assume full responsibility for all the risks of accessing and using and interacting with the Protocol.*

Moreover, many if not most smart contract systems come with no warranty whatsoever and any guarantees will typically be explicitly excluded by the open source license under which they are published. For instance, the Compound smart contracts use a [BSD license](#) with the following wording:



THIS SOFTWARE IS PROVIDED BY THE COPYRIGHT HOLDERS AND CONTRIBUTORS "AS IS" AND ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE DISCLAIMED. IN NO EVENT SHALL THE COPYRIGHT HOLDER OR CONTRIBUTORS BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES; LOSS OF USE, DATA, OR PROFITS; OR BUSINESS INTERRUPTION) HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN CONTRACT, STRICT LIABILITY, OR TORT (INCLUDING NEGLIGENCE OR OTHERWISE) ARISING IN ANY WAY OUT OF THE USE OF THIS SOFTWARE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

Are we to understand then that neither Vires nor Compound are insured for smart contract risk under their respective Unslashed policies, which were specifically advertised and worded to cover smart contract risk? Obviously not.

4.3.3 That the Bridge Operator Reserves Itself the Right to Refuse Service to Certain Users is Irrelevant

In section D of their document [List of reasons to reject the claim](#), 0xfd1A (probably 0x5e7B, a.k.a. Cerberus 1) argues that since the bridge's Terms of Service allow the bridge operator to refuse service to a user for any reason, bridge delays should not be considered covered.

However:

4.3.3.1 The primary document in this case simply does not outline any exclusions for situations where the claimant is personally singled out. A good analogy here would be with travel insurance. If one purchases travel insurance for a holiday and the policy covers cancellation of transport services *without further exclusions*, then, if the purchaser's plane ticket to their holiday destination gets cancelled by the airline for reasons outside of the purchaser's control, be it e.g. due to the plane being overbooked or due to the airline having vague suspicions that the purchaser is involved in terrorism or criminal activities, there would be no valid reason for a court to reject a claim in which the purchaser requests a refund of their accommodation costs for the days of holiday missed as a consequence of the airline's actions. (Note that the airline would likely have to refund its user's ticket but they would probably have a clause in their terms of use which would exclude them from liability for the user's missed days of holiday, which is why the insurance is needed in the first place.)

4.3.3.2 There is no indication in this case that the delay resulted from a deliberate refusal of service and not from a malfunction on the bridge's part. And on the contrary, the fact that larger bridgings ([1.9M USDN](#), [1.3M USDN](#), [1.6M USDN](#)) made later the same day by the claimant were executed without undue delay shows that this could not realistically be a case of the bridge operator performing e.g. Anti Money Laundering checks.

4.4 Absence of "Policy Details" *cannot* Imply Lack of Cover

The opposite assertion is made in section 1 of the challenger's [Evidence 3](#).

This is a particularly silly claim since it would imply that Unslashed is selling a non-product, i.e. a scam. And since selling a scam would clearly fall under the "immoral act" clause of the General Court policy, jurors would be forced to rule in the claimant's favour by default.

But anyway, the fact is that even if there are no "Policy Details", there is always the primary document.



4.5 The Claimant was *not* Attempting to Make a Profit from the Insurance

The opposite implication is made in section 1 of the challenger's [Evidence 3](#).

The challenger resorts to a petty implication (as far as I can tell) that the claimant is attempting insurance fraud but provides no evidence:

To sum up, the only immoral activity that happened here is the claimant that tried to mint insurance tokens two hours before the transaction to find any way around to make a profit leveraging the insurance by changing arguments, points of attack, and cherry-picking events

I was unable to find any evidence of any such fraud when looking through the claimant's transaction history myself and clearly, neither was the challenger. Their only point is that the insurance was purchased an hour before he started making use of it. But why would one ever purchase insurance for a time long before one had any activity to ensure? And since the claimant is not profiting from the insurance but only breaking even (which is the point of being insured!), it is hard to see this paragraph as anything other than desperate posturing.

4.6 The Claimant's Bad PR and Alleged Immoral Acts in the Past are Irrelevant

In section 2 of the challenger's [Evidence 3](#), it is alleged that the claimant has engaged in immoral acts in the past and that the "immoral acts" clause of the General Court policy should somehow be considered.

4.6.1 The Alleged Immoral Acts did not Happen in the Context of this Case

These allegations are entirely irrelevant to this case, whether they are truthful or not (not to mention unproven and entirely based on Twitter hearsay). A part of Kleros' General Court policy is quoted to make it seem like jurors are required to always vote against someone who has ever committed an "immoral act" in their lifetime. This would effectively make any such person a literal [outlaw](#) in the eyes of the Kleros court. Considering that the practice of outlawry has I believe typically been abolished well before the death penalty and would generally be considered barbaric by modern standards, not to mention the sheer absurdity of the idea of applying this concept to Kleros, I think it is fair to say that this is not the actual meaning of this passage of the General Court policy.

And indeed, if we quote the whole passage, including its examples, it becomes clear that its intent is to convey that that when an "immoral act" is conducted *within the bounds of a contractual agreement adjudicated by Kleros*, jurors should not vote in a way that rewards or encourages that conduct. Here is the full passage:

Jurors should not rule in favor of a side who have engaged in immoral activities (example: rule reject on "revenge porn" images even if they would otherwise fit into the category). "Refuse to arbitrate" should be used for disputes where both sides of the dispute have engaged in activities which are immoral (ex: refuse to rule on an assassination market dispute). Immoral activities include: Murder, slavery, rape, violence, theft and perjury.

The examples make it clear if it wasn't already obvious that the requirement should be understood as: "Jurors should not rule in favor of a side who has engaged in immoral activities *within the context of the dispute*".

4.7 The Term "Loss" in the Primary Document Encompasses Financial Losses as a Whole

Juror 0x5e7B (Cerberus 1) provided the following argument (A1; emphasis added):



A) No funds were lost, the USDN took a bit longer to arrive but still arrived in a very reasonable time (less than 2 days). *The policy only covers losses of funds*, no small delays.

This demonstrates extreme confusion (or an attempt at causing confusion) regarding the concept of loss in the context of insurance or in the English language more broadly. The term “loss” does not refer only to the simple event of losing some concrete object but more broadly to any loss of value incurred by a person. For those non-native English speakers who are still unconvinced, they may simply open the [Wikipedia page on insurance](#) whose first paragraph is the following (emphasis added):

Insurance is a means of protection from financial *loss*. It is a form of risk management, primarily used to hedge against the risk of a contingent or uncertain *loss*.

The field of insurance being obviously much broader in scope than the simple loss of physical objects, it is clear that the general meaning of the term “loss” is not the restrictive one 0x5e7B has so unwisely adopted.

Furthermore, there can be no doubt that the [primary document](#) itself uses the term “loss” to mean “any covered financial loss” if one takes the time to read through the whole policy. For instance the “Dollar Peg Stability” cover section also makes the same (and repeated) use of the term “loss” even though in the case of a stablecoin loss of peg, the insured stablecoins are never themselves lost but only their value reduced.

4.8 The Policy *was* Unavailable at the Time of the Event

Juror 0x5e7B (Cerberus 1) provided the following argument (B1):

B) Even if the claim policy was not available in time due to some issue from the Unslashed team, the payment of the policy is continuous (insured parties pay by the second) and the event happened at a time where the policy was available.

The claim that “the event happened at a time where the policy was available” is **blatantly false** as explained in preceding evidence (and this was not contested by the challenger). The only thing this argument demonstrates is the fact that 0x5e7B did not even bother to read through the existing evidence and nevertheless formed an unwavering opinion on the case, put a large stake in the Technical court, posted an extremely shallow justification, and voted almost immediately without waiting to hear any other opinion.

4.9 Unslashed Stakers being Penalised due to the Unslashed Team’s Mistakes is Irrelevant

Juror 0x5e7B (Cerberus 1) provided the following argument (C1):

C) The Unslashed team is not the party in this case, it’s the insurers and they will be the ones penalized would this claim be accepted. We cannot penalize a party due to mistakes made by another.

This is perhaps the most pathetic argument of the whole case, which is saying a lot. Capital providers for Unslashed (or any insurance protocol) are the equivalent of shareholders in a company. If the company executives are incompetent or otherwise make mistakes, the shareholders stand to lose out on their investment, which they were ultimately responsible for choosing. The same goes for Unslashed capital providers. This is entirely expected. And regardless, Kleros’ job is to enforce a contract between a fixed set of parties, in this case the Unslashed smart contracts and the claimant. Any collateral damage the decision might have on third parties should not play a role in the decision unless perhaps that damage could be tied to an “immoral act” by one of the parties or would be something extreme such as nuclear Armageddon, not 5 ETH.



4.10 Losses due to Excessive Delays *are* Covered

Juror 0x5e7B (Cerberus 1) provided the following argument (D1):

D) Even if the policy were not to apply, we would have to look at the general policy for Unslashed <https://ipfs.kleros.io/ipfs/QmeTBY7jZe2ut5WjifNASADo3E4zBxkMd62WwBpXtwP9pg>, it only covers losses, not delays in transaction execution.

The relevant “Smart Contract Integrity” section of the policy covers losses “due to [...] unavailability or failure to access or process these covered smart contracts” as has already been established. Otherwise, this is the same argument as A1 regarding the meaning of the English word “loss” and which I have already thoroughly debunked in [4.7 The Term “Loss” in the Primary Document Encompasses Financial Losses as a Whole](#).

4.11 The Claimant’s Loss was *not* Speculative

In section A (2A) of their [second evidence](#), 0x5e7B (Cerberus 1) argues that the claimant’s loss was speculative and should therefore not be insured.

This section of 0x5e7B’s arguments first reiterates the point made in 1A (which I have already spent more than enough words refuting in [subsection 4.7](#)), and then proceeds to argue that the loss was speculative in nature and therefore not coverable. And although the claimant’s broader trading strategy might be qualified as speculative, 0x5e7B’s reasoning is muddled and fails to consider the fact that the specific transaction which this claim is about (i.e. a bridging of 1M USDN from Waves to Ethereum) was not only *not* speculative but on the contrary intended—in combination with a USDN-to-USDC swap on Curve—to eliminate the risk involved in holding USDN at the time and doing so as fast as possible.

I think some comparisons can help here. Suppose for instance that the claimant had been trading stocks on an exchange and had purchased insurance covering, among other things, losses due to unavailability of this exchange. Now, let’s consider two scenarios:

1. The claimant makes a short-term purchase of a stock, thinking the price will see a sudden rise soon thereafter, but the price tanks instead. The claimant sells the stock to limit further losses. In this case, the buying and holding of the stock is what ultimately caused the loss, and by nature of being speculative would likely be uninsured.
2. The claimant takes a short-term position in a stock which he demonstrably intended to sell within ten minutes knowing that the price would likely tank over the course of one or two days. However, a few minutes after purchasing the stock, the exchange goes offline and only comes back online over 24 hours later whereupon the claimant immediately liquidates his position but too late to prevent a significant loss. In this case, the inability of the claimant to close his position due to the exchange outage (despite the claimant having had every intent to do so²) is what caused the loss. This loss was not speculative since there is a reasonable expectation that the exchange should function consistently and availability of the exchange is specifically covered by the policy. Therefore, the loss would be insured.

Furthermore, as a general rule, and [as explained in the page linked to by 0x5e7B](#), for a loss to be speculative, there must have existed the expectation of a potential gain, and based on the fact that USDN was still close to its peg, the market conditions and sentiment at the time, and the claimant’s actions, it is clear that no gain was expected from holding USDN (and on the contrary, further devaluation was expected).

0x5e7B goes on to ask the following disingenuous questions:

²Note: Intent is an important and necessary concept of law. For instance, in an insurance claim, damage caused intentionally by the insured is not generally covered, while the same exact damage caused in the same manner but accidentally could be covered.



- “If you order something online and it arrives 2 days later. Is it considered a loss?” This question does not deserve an answer since it is irrelevant in at least the two following ways:
 1. There is no financial loss, or the details of such a loss are left entirely to the reader’s imagination.
 2. The time frames are not comparable. A delivery can be expected to arrive within on the order of a day to a week while the Waves bridge was meant to operate on the order of ten minutes and was delayed by 28 hours. A more faithful example would have the item arriving a whole 6 months later.
- “If the price of USDN had increased during the time the USDN was in the bridge, would the claimant have needed to compensate the bridge for the price increase?” Of course not because that’s not how insurance works. If one purchases insurance for their house (including for total destruction of the house) and the house doubles in value, must one pay the insurance the initial purchase cost of the house? This is an astoundingly stupid line of reasoning.
- “If the claimant had claimed that he had the intent of selling the USDN to long SHIBA with 10X leverage. Would the insurance have to repay the potential profit he would have made?” This hypothetical is also irrelevant since the claimant did not make a claim for the profits lost due to the delay but instead only requested to be paid back the effective loss incurred. However, the insurance policy does not specify whether profit loss is covered and so this is actually an interesting open question, although I believe courts generally consider it the responsibility of the insurer to fully specify their policy with the benefit of the doubt directed in favour of claimants, but thankfully, this will not need to be decided by the jurors in this case (and perhaps Unslashed would do well to hire experienced insurance lawyers to help write their policies).

4.11.1 Furthermore, the Risk was *not* Unbounded

In point 2.2.3./2A&2D of their [argumentation](#), Heliast argues that “insurances generally do not cover speculative risks as they are hard to quantify, hazardous and unbounded”.

Once again, the risk was not speculative. Furthermore, the risk was bounded both by the maximum insurable amount of the claimant’s contract (whose purchase cost is purely proportional to said amount) and the value of the USDN being bridged. Regarding this second fact, this is no different than having any other asset insured: an insured house risks being destroyed in a fire, requiring the insurance company to fully cover its reconstruction costs, and a car risks being stolen, requiring the insurance company to fully refund it (assuming the insurance covers the full value of the insured object, of course). Once again, **if the insurer does not wish to cover certain types of losses, it falls upon them to explicitly exclude them.**

4.12 The Claimant did *not* Simply Incur a “Loss of Chance”

In point 2.2.3./2A&2D of their [argumentation](#), Heliast argues that “the Claimant complains for the loss of chance for not having received assets with a higher value”

- First of all, the claimant did not merely lose a chance to make a profit, as implied by Heliast’s wording here, but incurred an *effective* loss due to the devaluation of the USDN token over the course of the abnormal 28 hour bridge delay.
- Secondly, the policy covers losses “*due to* [...] unavailability or failure to access or process [the] covered smart contracts”. There is no doubt here that the claimant’s loss was *due to* the (unexpected and abnormal) bridge delay and **it is always the insurer’s responsibility to outline exclusions if they desire to have them applied.**



Heliast further goes on to argue that “European law only considers compensating the victim for the chance that a favorable event might have benefited him or her if the occurrence of this event was not merely hypothetical, but real and serious”. However (and disregarding the question of the relevance of European law):

- Once again, this was an effective loss (the claimant lost money, they did not just miss out on profits), and not a mere loss of chance.
- The event that would have “benefited” the claimant in this case was being able to sell their USDN within 10 minutes of transferring the tokens to the bridge, at a price close to the price before bridging. The chance of this happening had the bridge not failed was clearly “real and serious” and in no way “merely hypothetical”, as attested by the USDN price chart on the day of the event and by the consistent success of this trading strategy for the many other USDN bridgings performed by the claimant. So according to Heliast’s *own* explanation of European law, the loss in question would be eligible for compensation as a loss of chance (which I maintain is not even the case).

4.13 The Claimant did *not* have Any Way of Further Reducing his Exposure to USDN During the Bridge Malfunction

In section B (2B) of their [second evidence](#), 0x5e7B (Cerberus 1) argues that the claimant still had USDN to liquidate and could have reduced their exposure to USDN downside by doing so.

This was however not the case, as explained by the claimant in his response, which I will simply copy:

The document claims that “The claimant still had at least 405,866 USDN which he didn’t liquidate”. This is incorrect. My strategy was leveraged farming on Vires, which involved depositing USDC and borrowing USDN, and selling it for USDC to continue leveraging. In order to borrow more USDN to continue the strategy, I needed to deposit more USDC, which required waiting for the bridge to complete, selling USDN, and then bridging in USDC. I did not have access to USDN to sell while waiting for the bridge. In fact, looking at the screenshot posted, you can see that the 405k USDN was deposited about an hour and a half after the previous USDN bridge was finally sent through. I sold it for USDC, bridged and deposited the USDC to Vires, and then borrowed more USDN to continue with the leveraged strategy.

Note that I could not have simply repaid the USDN and withdrawn my USDC to avoid a loss, because Vires did not have liquidity for USDC withdraws at the time (which was why the interest rate was so high, making this strategy attractive.) See [\[Vires forum thread\]](#) and <https://twitter.com/0xHamz/status/1509889722738528270>, which shows that all the USDC was borrowed out. The only viable option was selling the received USDN for the current market price, even if that was lower than the price I should have received, had the bridge been operating as intended.

4.14 The Bridge Delay was *not* “Acceptable”

In section D (2D) of their [second evidence](#), 0x5e7B (Cerberus 1) argues that the bridge delay incurred by the claimant was “acceptable”.

4.14.1 The Bridge Took at Least 170 Times Longer than Expected to Process the Transaction at Stake

0x5e7B starts off by stating that “The bridge does not specify an absolute time of withdrawal, only gives an average time”. As explained in section 2 of the [claimant’s second evidence](#), the expected time



for bridging is between 1 and 8 minutes. 0x5e7B argues that the bridge UI only gives an “average time” (of 1 minute in their case) that it does not give time guarantees, and therefore that the delay of 28 hours and 23 minutes that the claimant observed is just as good as any other delay. However, as I have already alluded to in my first submission, 28 hours and 23 minutes is 1703 minutes, that is 1703 times as much as 1 minute (a 3 orders of magnitude difference) and 170 times as much as 10 minutes (a 2 orders of magnitude difference). In both cases, 1703 minutes is a clear **outlier**: a value so outside the normal range of values that it is generally not even significant to integrate it as part of a statistical analysis, such as an average for instance.

4.14.2 Comparisons to International Bank Transfers are Irrelevant

0x5e7B then goes on to state the “1 day and 6 hours” is a “very small delay”, comparing this delay to delays experienced in the “legacy financial system”. However:

- The legacy financial system is of no relevance to this case.
- The legacy financial system includes High Frequency Trading, [where microseconds matter](#), so what 0x5e7B is really referring to is presumably the cherry-picked example of international bank transfers.
- The fact remains that the bridge operated at least 170 times slower than it should have. **That’s as if a 1-day transaction had taken 170 days instead.**
- The policy covers “unavailability” and “failure to access or process” but does not define any time thresholds so we are left to our own judgements and I dare say 170 times slower than expected is way above any reasonable such threshold.

4.14.3 Comparisons to Native Rollup Bridges are Irrelevant

Lastly, 0x5e7B, compares the Waves bridge to native optimistic rollup bridges, and since they have staked in the Blockchain Technical court, they are surely aware of the fact that the week-long delay for these bridges is due to constraints specific to optimistic rollups which simple multisig bridges such as the Waves bridge do not have to concern themselves with. In other words, their comparison is like one of air transport to maritime transport. The second is of course much slower, but there is no reason for that to affect our expectations of the first.

4.15 That the Insured Event Occurred Soon After Insurance being Purchased is Irrelevant

In point 2.2.3./2A&2D of their [argumentation](#), Heliast argues that “Mere opportunism should not be allowed to enrich oneself. We recall in this respect that the Claimant subscribed to the insurance and asked to activate it on the same day, being aware of the risk of a significant drop in USDN prices”.

That the event at stake occurred soon after the activation of the insurance is mere chance (and indeed it only happened this one time) and in no way justifies accusations of “opportunism”. The insurance is either active or it is not and it is dishonest to use the fact of this coincidence to defame the claimant.

4.16 A Waves-to-Ethereum USDN Transfer *cannot* be Delayed due to Lack of Liquidity, and even then, Would Still be Insured

Juror 0x5e7B submitted a [screenshot](#) of a chat session with Waves support in which the customer service’s representative assures their correspondent that bridge delays happen as a result of “lack of liquidity”.

First of all, this new evidence breaks two General Court rules:



- It was submitted in direct contradiction to the General Court rule against evidence “submitted after the end of the evidence period of the initial round of a dispute AND [that] cannot be reasonably considered to have been readily, publicly available to jurors”.
- It was submitted in direct contradiction to the General Court rule that “If there is no evidence of an attack AND appellate court jurors cannot be reasonably expected to have the required skills to independently evaluate the case, jurors should vote to uphold the lower court ruling”, and although there is strong evidence of an attack on the Technical court, since the attack appears to be conducted by none other than 0x5e7B (Cerberus 1) themselves, it is clear that they do not get to invoke the first exception to this rule for the attack they are themselves responsible for.

But regardless:

4.16.1 The Claim that Lack of Liquidity Could be an Issue Makes no Sense

I will simply quote the claimant’s response:

The argument submitted by 0x5e7B is absurd. They claim that there was some liquidity issue with the bridge. However, that is simply not how the bridge works. USDN bridged to eth are minted from the Null address by the bridge, as can be seen at [\[etherscan\]](#). No liquidity is needed for the USDN bridge, it is not a meaningful concept.

4.16.2 Losses Demonstrably Caused by Such Delays Would Still be Insured

The customer service representative simply make the vague mention that such delays happen “from time to time”, which is not at all equivalent to them being “part of the normal operation of the bridge”. Flight cancellations happen “from time to time” and yet travel insurance (which will generally cover the case of flight cancellations) is still a thing. And for that matter, burglaries can be said to happen “from time to time”, or even “frequently” if one takes the point of view of a police officer who has to deal with such occurrences regularly.

4.17 The Claimant *did* Submit a Claim Description at the time of the Claim and the Challenger was Aware of It

In what I can now only call desperation, juror 0x5e7B (Cerberus 1) now tries to argue that the claim is invalid because the claimant supposedly did not submit a claim description along with their claim.

However:

4.17.1 The Claim Description was Submitted

I will quote the claimant’s response:

Please also note that a full loss description with proof was provided at the time the claim was opened. Challengers had full view of this, as it was linked to in the #claims channel on the Unslashed discord and available on the Unslashed website. This can be verified by joining the discord and going to [\[discord\]](#).

It can also be verified on chain by looking at the transaction opening this case at [0x4910...cdd4](#) and viewing input as UTF-8, which shows both IPFS uploads done: [QmZP...jmaA](#) and [Qmf3...SkoZ](#). [QmZP...jmaA](#) is the initial link with claim details. For some reason the Kleros case only displays [Qmf3...SkoZ](#) as initial evidence, but both were provided to Unslashed and were available publicly at the time.



To that, I will add that the first IPFS link argument, which is where the claim description (QmZP...jmaA) was put, has been confirmed as the “incident description” by the Unslashed team, as can be seen in [this discord screenshot](#). The fact that the Unslashed UI has a bug causing it not to display the “incident description” cannot be held against the claimant.

4.17.2 The Challenger was Well Aware of the Claim Description at the Moment of Challenging

The challenge was [initiated](#) by [0xff8](#) who reposted the claimant’s claim description along with their challenge justification (as can be seen in the first few messages of this case’s evidence). So it cannot be said that the challenger was unfairly baited into a challenge where essential evidence was only added after the challenge had been made.



5 Meta: The Technical Court has by All Appearances Been Subjected to a 51% Attack

5.1 Overview of the Attack

In this section, I clarify my belief that the Blockchain/Technical court has undergone an attack by a Kleros developer, and will explain what consequences this has and does not have for this court.

I will keep the main content short and document in [Appendix A](#) the many reasons why I believe the following juror addresses, which have recently taken over the Blockchain/Technical court, are controlled by the same Kleros developer, to which I will assign the codename **Cerberus**:

1. 0x5e7b645d5bf86750cb1913122ba8a8545e2a9fd1: 3M staked in Technical
2. 0x334f12afb7d8740868be04719639616533075234: 5M staked in Technical + 4.6M in General
3. 0x930c54fd12bc507de14ce3967e715e6d9cd70ec4: 5M staked in Technical + 16.6M in General

These addresses' Technical Court stakes currently add up to 13M PNK out of a total of 21.2M PNK staked in said court, giving them a 61.3% control of the Technical court. Combined with the fact that these addresses staked in the Technical Court specifically for this case, this justifies the accusations of a 51% attack on this court.

5.2 The Attacker's Position is Fringe and Not Representative of the Broader Consensus

Of interest, the vote distribution in the previous rounds has been the following:

Address	Round				
	1	2	3	4	5
0x546e1f8a771e1b6e867dd0524dcbc1ab368f12aa	Yes	Yes	Yes	Yes	Yes
0x60da07cfb273051aa9827dabffcd298c305cd00d	No	Yes	Yes	Yes	Yes
0xb2a85da2ecc3ffb4d3a730e119d8cab5743096fc	No	-	-	-	-
0xc5060b33b82528abf7aa8d7778e267f0feb71792	-	Yes	Yes	-	-
0xe599435b865cef666f304031f54dfa3fb2e1badf	-	No	-	No	-
0xc764d75fe1c892ba39caaf02efd44ae606b52a0c	-	-	Yes	Yes	Yes
0xc8030b11ff7052436d9670188d00890b9f48a06a	-	-	Yes	Yes	Yes
0xe86e325c60d1c69f6020bdf54cd17bd715db3156	-	-	-	-	Yes
0x5e7b645d5bf86750cb1913122ba8a8545e2a9fd1 (Cerberus 1)	-	-	No	No	No
0x334f12afb7d8740868be04719639616533075234 (Cerberus 2)	-	-	-	No	No
0x930c54fd12bc507de14ce3967e715e6d9cd70ec4 (Cerberus 3)	-	-	-	No	No
No% with Cerberus	-	-	40%	52%	66%
No% without Cerberus	67%	20%	0%	6%	0%

Aggregating the Cerberus accounts into one, we can expect 6 Yes vs 3 No votes if all of these jurors are to be polled again (once each) and they do not change their minds since their last votes. More tellingly still, the last two rows of the above table, show that almost all of the drawn Technical Court stake excluding Cerberus has converged towards accepting the claim. In other words, **Cerberus' position has become increasingly fringe as the case has progressed and they have only been able to win rounds 4 and 5 through a 51% attack.**

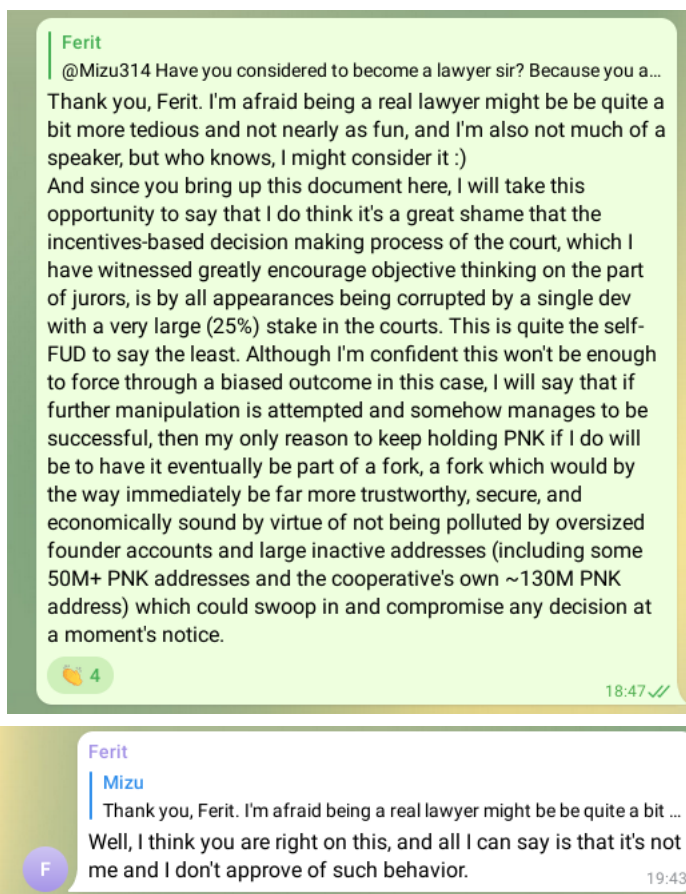
My purpose in exposing this attack is to show that the outcome of the rounds exposed to this attack are not representative of a broader consensus and to encourage jurors to vote based on the case's merits. I will now further explain why, even though Cerberus has a large stake in the general court, I do not think they will be able to win by brute force.



5.3 The Attacker Cannot Win by Sheer Force or Influence

To jurors, if you are worried that Cerberus will win this case by simply throwing limitless PNK at it or that they may influence founders with large stakes to help them in this travesty of justice, **there is very good reason to believe they do not actually have the funds or influence for this, and I therefore encourage you to vote on legal merit alone:**

- In a recent Kleros cooperative team meeting, someone who I presume to be Cerberus spent considerable time arguing in favour of forking Kleros if this case were to be ruled in favour of the claimant. This is a good indication that they are not confident in their ability to win, be it through brute force or argument. What is more, team members were (unsurprisingly) very taken aback by this stance. It is also clear to me that one would have to be delusional to believe such a fork would be anything but worthless, having neither team nor community support. I do not have a recording of this meeting but skeptical jurors are free to ask team members for confirmation of this in private.
- Ferit, who is also a founder of Kleros, has publicly expressed disapproval towards Cerberus's behaviour in this case on [Kleros' main telegram channel](#):





6 Conclusion

Ultimately, the resolution should be quite simple and the claim should be accepted on the basis that:

- The claimant incurred an *effective* loss **due to** a bridge malfunction in the form of an “unavailability or failure to process” the bridge smart contracts (the loss is effective because the claim is not for loss of profit).
- Bridge malfunctions are covered as per the Vires-USDN policy’s advertising material.
- There are no exclusions that apply to this situation in the primary document.
- There existed no Policy Details until after the claim was filed and the current Vires-USDN Policy Details cannot apply retroactively.

Please consider that the amount of arguments thrown around by the challenger side is not a mark of how many arguments they *actually* have in their favour but on the contrary of the fact that they are all so weak that they feel the need to resort to throwing literally dozens of bad arguments at jurors without restraint in the hope that one will stick occasionally. This aggressive kind of lawyering could be used on any case regardless of its merits and I hope General Court jurors will see it for what it is, which is to say an attempt at confusing the jury with a deluge of spurious arguments.

On top of engaging in questionable lawyering tactics, the person that has been submitting arguments for the past few rounds (0x5e7B, 0xfd1A, which are probably the same person, Cerberus) has very likely 51%-attacked the Technical court, and, as witnessed by the other jurors’ votes, holds a very fringe opinion (0% of non-Cerberus addresses in the last round) which I do not believe will be able to win over the General Court.



Appendix A Meta: Evidence that the Cerberus Addresses are Controlled by the Same Person

The evidence presented here is of course circumstantial, however my purpose is not to prove guilt beyond a reasonable doubt, but to show by preponderance of the evidence that there is a very high probability that these addresses belong to a same individual attempting to covertly (although very clumsily so) assert control over the Technical court and that their opinion is therefore not representative of any broader consensus.

1. The claimant has compiled evidence in the form of [tweets](#), showing that all 3 Cerberus addresses are linked in ways which would be unnatural were they controlled by different persons. I will simply reproduce the contents of these tweets here:

Some data, can be confirmed on-chain:

3 addresses recently staked large amounts of PNK in the technical court, ID 4.

[0x5e7B645d5Bf86750CB1913122ba8A8545e2A9FD1](#) staked 3M

[0x930c54fd12bc507de14ce3967e715e6d9cd70ec4](#) staked 5M

[0x334f12afb7d8740868be04719639616533075234](#) staked 5M

All 3 are tightly linked and appear to be dev/team accounts.

[0x930c54fd12bc507de14ce3967e715e6d9cd70ec4](#) ran the Kleros token sale in 2020.

See e.g. [0x1412a992a5aeb286b4891651379672fe1c9a02cc4b350fc0dfc46ceedc9ce9dc](#) minting them 150M PNK that then got distributed to token buyers.

That tx was *submitted* by [0x334f12afb7d8740868be04719639616533075234](#), one of the accounts above.

[0x6531c69fd848ca14674459cd027430a9aec762283da42788cbd5bcd15bffffe2d](#) this is the 0x33 address receiving some USF, the unslashed token.

[0x388f973d288d28f3271a7f096d73af5c342daa15b8d148764d60c26b58cfee57](#) the 0x33 address putting eth into the unslashed insurance pool

[0x3c6219619cd8e663b57bbf5cc32db11530b307d3de56b801b96feab37609fd5c](#) here's the 0x5e address putting 30 eth into the unslashed insurance pool.

[0x83231ee3618fd9d88b10f21c0f015918b35c55a196010456bb6fcb5da01de5a8](#) 0x5e sending 0x33 some USF

[0x41083b17c222c3180dea86e71df63d821bd3ce7dad103590d9dac550f23c9a27](#) 0x5e sending 0x33 some yearn/crv LP tokens

[0x511be8004f639b01785678d80d6cfb456c46d6f59edce25fcd9b637077c9d7aa](#) another transfer from 0x33 to 0x5e

So to summarize: 0x33, 0x5e, and 0x93 are all linked and appear to be dev accounts. 0x33 and 0x53 both have significant financial stakes in @UnslashedF insurance pool. And the three accounts together have launched an attack on their own protocol, the kleros technical court.

2. 0x930c (Cerberus 3) [staked](#) 5M PNK in Technical Court only two hours before 0x5e7B (Cerberus 1) [funded](#) the appeal in the third round.
3. Addresses [0x930c](#) (Cerberus 3) and [0x5e7B](#) (Cerberus 1) both failed to vote on the same case, case [574](#), and otherwise voted coherently during the period in which they were both active.
4. All three Cerberus addresses have left similar justifications on the fourth round of this case (i.e. the previous one), albeit in decreasing levels of detail:



- 0x5e7b (May-07-2022 14:10:34 UTC)

There was no loss, only a bridge delay compared to the usual time of the bridge. The claimant sent USDN, he received USDN. He hasn't lost anything so there is nothing to compensate. This is a loss insurance, not a "delay" insurance.

Moreover, the delay is relatively small (a bit more than a day) and the bridge only indicates an average time. The bridge is handled by an external account which took longer than usual to have the TX confirmed.

Moreover, behaviour of external accounts is specifically excluded from both unslashed policy documents.

There is therefore a strong case to reject the claim because:

- There was no loss, only a delay (not covered by the insurance).
- The bridge doesn't guarantee any time, it has a ideal time, but offers no guarantees it can't take more (and 1 day is very slow for a withdrawal, rollup bridges will take way longer and even more in case of attackers delaying the bridges).
- The delay (compared to the average time) is not due to a contract bug (what the policy is about), but about an external account (specifically excluded from the policy) taking longer to confirm a transaction.

- 0x334f (May-13-2022 14:45:22 UTC)

Despite the beautiful argumentation of Mizu, the facts of the case are simple:

- A bridge took longer than expected.
- The asset bridged lost some value in between
- No assets were lost

Should the insurance compensate the loss of value during the bridge time?

The answer to this is no. The insurance intent is to insure toward the bridge risk, not the risk of asset price going through it. Since no assets were lost, there is no basis for this claim as this is not a delay insurance.

- 0x930c (May-13-2022 21:14:19 UTC)

No funds were lost. What the claimant could have done if the bridging was faster is irrelevant.

These all boil down to the same leitmotif: "no funds were lost". But perhaps more revealing is the fact that none of these justifications address the suspicions I expressed in the conclusion of my previous evidence, that the three addresses are controlled by the same person (although admittedly, address 0x5e7B could not have responded to that at the time of voting since I submitted this evidence on the next day, May 8th).