

AllianceBlock Issues Statement in Response to BonqDAO Hack



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OFFICIAL STATEMENT

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AllianceBlock has issued the following statement in response to an exploit of the decentralized lending protocol BonqDAO.

At around 18:30 CET on 2 February 2023, lending protocol BonqDAO Protocol was exploited, with the attacker gaining access to ALBT Troves, where AllianceBlock's native token was used as collateral. Around 113M ALBT tokens were illegally accessed before the hacker attempted to sell these on various exchanges.

As soon as the incident was reported, AllianceBlock communicated an **announcement** and conducted a preliminary investigation. The cause of the exploit was found to be **a bug in the implementation of a price oracle** used for the ALBT token in the BonqDAO Protocol. As a third-party protocol, AllianceBlock had no input or control over the design, implementation, and execution of the BonqDAO Protocol and smart contracts, as confirmed by BonqDAO in their statement.

It must be emphasized that none of AllianceBlock's smart contracts and platforms were breached in the incident, and none of its other solutions have been affected. An AllianceBlock response team was promptly assembled to minimize the effects of the incident and mitigate the damage from the illegally-obtained ALBT tokens. Robust measures implemented have included:

- Advising the AllianceBlock community to cease trading ALBT tokens.
- Pausing all activity on the AllianceBlock Bridge to prevent accessing liquidity on other networks.
- Withdrawing liquidity on exchanges and pools and requesting exchanges to halt trading.
- Discussing with third parties for identification and recovery of the stolen assets.

A solution being developed includes minting a new ALBT token and airdropping (referred to as "Token Distribution" going forward) it to wallet addresses with legacy ALBT balances. A snapshot of the blockchain and exchange balances will be used to determine the recipients, regardless if they have tokens stored in hardware, software or exchange wallets and staking contracts. The new token will replace the legacy token and will not increase the current supply. More information about the snapshot and token distribution mechanism will be announced shortly.

Matthijs de Vries, Founder and CTO at AllianceBlock, commented, *"Users who created troves on Bonq using ALBT as collateral will be reimbursed, and no ALBT goes back to Bonq Troves. AllianceBlock is committed to doing right by ALBT token holders, liquidity providers, and others. We are continuously working on how to approach the distribution of the new token best. We have the community's interest at heart, and we will share more information once we have a comprehensive proposal."*

He added, *"The actual damage in numbers involving ALBT from the Bonq hack is closer to \$1.6M than the amounts previously reported by the media."*

Going forward, allocation of ALBT balances in third-party protocols aside from battle-tested and industry-vetted ones (like DEXes and multi-signature contracts) will be subject to discussion and approval of the AllianceBlock DAO and only in small amounts.

AllianceBlock is committed to doing the best by its token holders, liquidity providers and traders. For the compensation scheme, the team will consider edge cases while ensuring the continuity of the AllianceBlock ecosystem.

About AllianceBlock

AllianceBlock is building seamless gateways between decentralized and traditional finance by remedying issues in both spheres and linking them more closely. They see the future of finance as an integrated system in which the best of both worlds can work together to increase capital flows and technological innovation.

By bridging traditional finance with compliant, data-driven access to new decentralized markets, DeFi projects, and ecosystem-scaling tools such as funding and interoperability, AllianceBlock is building a next-generation financial infrastructure that aims to provide regulated financial entities around the world with the tools they need to access the DeFi space seamlessly.

Official Announcements on [Telegram](#) and [Twitter](#).

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