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Crypto Twitter on This Week: Tornado Cash Sanctions Blasted, and Vitalik Critiques the MakerDAO

Cryptocurrency prices have started to recover, but the industry's current status has given Crypto Twitter plenty to complain about.

Despite the fact that many top coins have increased by double digits over the past week, there has been little rejoicing on Crypto Twitter. Rather, the decision by the U.S. Treasury Department to prohibit Americans from utilizing the [cryptocurrency](#) privacy mixer [Tornado Cash](#) or trading with [Ethereum](#) addresses associated with its community has been the focus of much discussion this week on social media.

The Treasury stated the action was necessary because thieves had "laundered more than \$7 billion worth of virtual money since its inception in 2019." Someone on Twitter brought up the fact that when sanctions were imposed, about the same amount of money was held in Tornado.

Current TornadoCash stats. \$7.B worth of [\\$ETH](#) was removed from the legit circulation. <https://t.co/sndTtnB8Yq> pic.twitter.com/IHmixZ81Sl

— Mikko Ohtamaa (@moo9000) [August 8, 2022](#)

A security analyst at MetaMask named Harry.eth (@sniko_) tweeted that the Treasury Department cannot penalize the entire Tornado network. Layer 2 protocols continue to use it.

Here's the addresses that got sanctioned with their labels

cc: [@gitcoin](#) pic.twitter.com/zeNKf7QkHD

— {harry,whg}.eth 🐙 (@sniko_) [August 8, 2022](#)

Vitalik Buterin, the creator of Ethereum and a Russian native, confessed on Tuesday that he had sent money to Ukraine using the platform.

On this note, curious if there are documented examples of TC having been used for this. Obviously self-identifying sort of defeats the point but e.g. groups or guides recommending people to do so?

— Jeff Coleman | Jeff.eth (@technocrypto) [August 9, 2022](#)

Possible difficulties in enforcing the Tornado ban exist. On Tuesday, it was reported that despite the restriction, an anonymous Tornado user was distributing modest amounts of Ethereum to industry leaders and celebrities via “hundreds” of Tornado wallets.

Someone is out dusting a bunch of wallets from Tornado with 0.1 ETH
lmaaaaaooooo <https://t.co/3NfLuz9qYF> [pic.twitter.com/xsmiyM8sxq](https://t.co/pic.twitter.com/xsmiyM8sxq)

— joseph.eth (@josephdelong) [August 9, 2022](#)

Known con artist on the lam Fat Man Terra listed all of the famous people who have benefited from the donor so far.

Notable individuals/companies who just received funds from a government-sanctioned entity:

- Jimmy Fallon
- Shaquille O'Neal
- PUMA
- Randi Zuckerberg
- Logan Paul
- Brian Armstrong
- Steve Aoki
- Ukraine Crypto Donation
- Dave Chappelle
- Beppe

Field day for investigators. <https://t.co/9HDJmppzT2>

— FatMan (@FatManTerra) [August 9, 2022](#)

Aave barred TRON CEO Justin Sun after learning about Tornado's anonymous backer.

I'm officially blocked by [@AaveAave](#) since someone sent 0.1 eth randomly from [@TornadoCash](#) to me. [@StaniKulechov pic.twitter.com/tNXNLNYZha](https://t.co/pic.twitter.com/tNXNLNYZha)

— H.E. Justin Sun 孙宇晨 (@justinsuntron) [August 13, 2022](#)

UniSwap creator Hayden Adams has spoken out about the importance of privacy tools. Adams, echoing numerous other business leaders on Twitter, called the sanctions a “freedom of speech problem,” pointing to the Federal court case *Bernstein v. U.S.* from 1996, which recognized “source code as speech” protected by the First Amendment.

My thoughts on the tornado situation:

1) Privacy is critical for a functional and safe society. Arguments that privacy is only for illegal activity are absurd/dangerous and reminds me of the people that want to make encryption illegal.

— hayden.eth ☐ (@haydenzadams) [August 9, 2022](#)

Please note that on Monday, action was also taken by Github, the code platform that hosted Tornado Cash’s code. Github took down the Tornado source and temporarily banned Roman Semenov, the creator of Tornado Cash.

At long last, on Friday, the Netherlands Crime Agency (FIOD) announced the arrest of a “suspected” Tornado Cash developer. The crypto community and privacy advocates reacted strongly to the revelation by calling it a declaration of war on coders.

Why the UniSwap community is so divided over a \$74 million proposal to create a UniSwap Foundation is beyond the comprehension of Joel Miyazawa, a governance expert at crypto intelligence firm Messari.

Uniswap's treasury is worth approximately \$2 billion ☐

The Uniswap Foundation proposal is asking for \$74 million. That's ~4% of Uniswap's treasury...

And the Uniswap Community is divided. Why?

— Joel Miyazawa (@Ichiro_JJ) [August 10, 2022](#)

All USDC held by wallets on the government’s sanctions list were frozen by the USDC issuer Circle after the Tornado Cash sanctions. This caused MakerDAO to reevaluate its dependence on Circle, the USDC’s central issuer. Currently, MakerDAO’s DAI stablecoin is tied to USDC.

Vitalik Buterin, creator of the cryptocurrency Ethereum, instantly voiced his opposition to the plan, calling it “a hazardous and horrible concept.”

MakerDAO is considering a \$3.5 billion ETH market buy, converting all USDC from the peg stability module into ETH.

— banteg (@bantg) [August 11, 2022](#)

On Friday, Chinese blockchain journalist Colin Wu provided additional context for the story.

Affected by the tornado sanctions, MakerDAO founder Rune Christensen said that he is seriously considering moving away from using USDC as collateral and converting USDC into ETH. Vitalik said non-ETH collateral should be allowed to exceed 20% of the total.

pic.twitter.com/x3ocsCq6KH

— Wu Blockchain (@WuBlockchain) [August 12, 2022](#)

There is now an established timeframe for The Ethereum Merge.

The Ethereum mainnet merge has been tentatively scheduled for around September 15th/16th.

The Merge is coming ☐

— sassal.eth ☐☐ (@sassal0x) [August 11, 2022](#)