The Smear Campaign against the Blocknet

How the greatest threat to altcoins is the toxic environment they exist in.

## About the Blocknet

The Blocknet is a technology created to provide a [truly open framework for networking nodes from different blockchains](http://downloads.xc-official.com/images/14-10-20%20The%20Blocknet-%20how%20it%20works%20and%20ITO%20rules.pdf), which will allow coins’ features to function as services for other coins. It has been subject to a massive smear campaign during its [ongoing ITO](http://downloads.xc-official.com/images/14-10-28%20The%20Blocknet-%20budget%2C%20development%20plan%20and%20accountability%20measures.pdf). The campaign might in fact cripple the ITO; it brought sales to a halt and the minimum amount required for the project to proceed may not be achieved.

Part of the [initial motivation](http://downloads.xc-official.com/images/14-10-15%20Blocknet%20presentation.pdf) behind creating the Blocknet is to foster true collaboration between coins. Furthermore, since participation in the Blocknet presents a decisive competitive advantage (akin to owning a shop in a mall rather than being on a street all on its own), its effect will be to diminish the ROI potential for “scamcoins,” as they’d not be approved Blocknet coins and therefore would lack sufficient competitive advantage. There is thus with considerably irony that the Blocknet has been subjected to possibly the largest smear campaign yet witnessed in crypto. What follows is a chronology of the campaign and its eventual repudiation.

# A chronology of events:

## Warning signs

I was warned by a few parties that a FUD campaign was being planned by some SDC holders (the SDC devs were not implicated). Having recently dropped out of participating in the Blocknet, there had apparently been some conflict of opinion between their dev team and some of their major investors.

On 31 October I posted a [pre-emptive announcement](https://bitcointalk.org/index.php?topic=829576.msg9389004#msg9389004) about the impending campaign.

The intention was to tell people to expect trouble and to tell them that it was simply some trash on the internet contrived to hurt the Blocknet, and that it [can be ignored completely](https://bitcointalk.org/index.php?topic=829576.msg9393072#msg9393072).

## The smear campaign strikes

The scale of the campaign was completely underestimated. Within a very short time about 16 different threads were created, with a wide variety of claims made, mostly about Dan Metcalf. Some were deleted by forum moderators, here is a list of threads and their creators:

[SCAM] BLOCKNET: The Metcalf/Prom Alt-Coin Cartel Scam Exposed                              NoMoreLies
<https://bitcointalk.org/index.php?topic=841223.0>
[SCAM] Blocknet                                                                                                        Spoetnik
<https://bitcointalk.org/index.php?topic=836324.0>
Jasinlee - one of XC's "Team Members" is a master fraudster                                         rdnkjdi
<https://bitcointalk.org/index.php?topic=770801.0>
XCurrency (XC) BlockNet community thread                                                                 URSAY
<https://bitcointalk.org/index.php?topic=830893.0>
XC Dev dumps entire dev fund on loyal supporters before moving on to blocknet             UnicornFarts
<https://bitcointalk.org/index.php?topic=840310.0>
THE SMOKING GUN: METCALF PUMP GROUP TIES EXPOSED!                                         NoMoreLies
<https://bitcointalk.org/index.php?topic=841160.0>
[ANN] Blocknet + Synechist - Have your posts been deleted??                                       BlocknetDown
<https://bitcointalk.org/index.php?topic=840956.0>
Dan Matecafe = prometheus                                                                                       Spoetnik
<https://bitcointalk.org/index.php?topic=841525.0>
[Poll] Is Dan Metacalf (XCurrency Dev) Finished                                                           IsDanDone
<https://bitcointalk.org/index.php?topic=842330.0>
[Blocknet-Gate] The inquisition Begins NOW !                                                              Spoetnik
<https://bitcointalk.org/index.php?topic=841863.0>
[Blocknet-Gate] Dan - Is going to sue Spoetnik                                                            Spoetnik
<https://bitcointalk.org/index.php?topic=842500.0>
Dan Metcalf Please Respond To The Allegations - Q&A Of Xcurrency XC                          LongAndShort
<https://bitcointalk.org/index.php?topic=841958.0>
[Blocknet-Gate] Dan Metcalf + prometheus + Bobsurplus + Wolong ?                            Spoetnik
<https://bitcointalk.org/index.php?topic=841857.0>
A message to all those involved in the BlockNET debacle                                               BTCDDev
<https://bitcointalk.org/index.php?topic=842039.0>
[Blocknet-Gate] Scam leader Dan offers clone coin services                                          Spoetnik
<https://bitcointalk.org/index.php?topic=842526.0>
[NEWS] Blocknet-Gate Scandal - The Summary (moderated)                                         Spoetnik
<https://bitcointalk.org/index.php?topic=842782.0>

In addition a dedicated website was created: <https://ounce.me/blog/the-current-state-scum-of-alt-coin-development/>

## Alleged illicit association between Prometheus and Dan Metalf

A little later 00Smurf posted a series of screenshots of Skype conversations between him and Prometheus: <https://bitcointalk.org/index.php?topic=841223.msg9389556#msg9389556>

Before long it became clear that the campaign was centred around the following argument:

* 00Smurf’s screenshots indicate that Dan is part of Prometheus’s pump group.
* Prometheus is a known P&D scammer (and is an awful character)
* Therefore Dan too is corrupt and a scammer.

Very many other claims were made, but this is the claim with “teeth”, as you’ll see from the threads linked above.

## The Blocknet team responds

Once it became clear to us that the public was not going to simply ignore the claims, both Dan and Prometheus issued statements. The ITO had stopped selling and XC’s price had dropped 50%.

Dan’s statement: <https://bitcointalk.org/index.php?topic=829576.msg9407509#msg9407509>

Prometheus’s statement: <https://bitcointalk.org/index.php?topic=829576.msg9407751#msg9407751>

Responses on the Blocknet thread indicate that Prometheus’ statement was met with mistrust and anger, as might be expected. Dan’s statement was well-taken, but his association with an alleged P&D scammer was nonetheless plain.

## The campaigners’ identities

Later, a Bitcointalk user known as winteriscoming5 leaked a pastebin implicating (but of course not proving) that Mr Boh and Longandshort – two SDC holders – were perpetrators of the campaign:

<https://bitcointalk.org/index.php?topic=829576.msg9418313#msg9418313>

This quotes a post by “Tranglee” dated weeks ago warning of this campaign.

The following morning, an opponent of the Blocknet mistakenly validated the authenticity of the leaked pastebin in a combox on Coins Source: <https://bitcointalk.org/index.php?topic=829576.msg9422059#msg9422059>

This pastebin also implicates Trollsroyce and Soepkip, two more SDC holders, in the smear campaign.

The article on Coins Source was subsequently retracted amidst an outcry about its bias.

## The smear campaign’s core argument

The smear campaign is based on two false claims:

1. Dan and Prometheus have an illicit relationship.

This is a false claim. Firstly every single code review or collaboration that Dan has done (whether involving Prometheus or others) has been publicly announced in the [XC thread](https://bitcointalk.org/index.php?topic=630547.msg7017518#msg7017518) and/or from his [personal Twitter account](https://twitter.com/ATC_SECURE). Secondly Prometheus has been open about the coins he funds. Therefore their working together has been no secret. By making it appear as if it’s an illicit secret, the campaigners were able to appear to “expose” them.

1. The smear campaign relies on rhetoric (and in the case of 00Smurf’s Skype screenshots, the cropping of context-specifying remarks) to assume *a priori* that Prometheus is a P&D scammer. This claim is not argued for but simply assumed.

This claim is by no means true, let alone true by default. Prometheus is frank about calling himself a “pumper” but is vocal that this does not make him a “dumper,” as his [statement](https://bitcointalk.org/index.php?topi829576.msg9407751#msg9407751) details.

Neither does being a “pumper” make him a scammer. He does not abandon coins after a pump, as is the case with KeyCoin, a coin formerly pumped by him which has just completed KeyTrader with his funding, long after the pump.

Furthermore it is clear from the screenshots that he actively recruits talented developers to create real technology.

So it appears that Prometheus aims, primarily, to profit from his coins, but creates projects with real innovation that outlast a pump and are funded to continue onwards and retain a fair market value. Ultimately Prometheus appears to be an investor who supplies the necessary capital for a coin to gain recognition and the momentum to stand a chance at long-term success. <https://bitcointalk.org/index.php?topic=829576.msg9422694#msg9422694>

With these two falsehoods removed, the resulting scenario is of a business relationship between a coder who is quite free to work for whoever he wants, and a capitalist who does not deceive people into investing into coins with no innovation or future.

In other words, both claims are false: nothing has been “exposed” and no illicit dealings exist.

## The motive for the smear campaign

Metcalf later published a pastebin of a Skype conversation between the XC team and the SDC team. A merge was under discussion. <https://bitcointalk.org/index.php?topic=829576.msg9422912#msg9422912>

As can be seen, the meeting was very positive. However that sentiment changed in the week following it. Some SDC holders were opposed to the merge and managed to dissuade the SDC dev team from it.

This resistance to collaborating with XC extended to the Blocknet, when they successfully persudaded the SDC team to withdraw from the Blocknet prior to launching their smear campaign against it.

In retrospect the smear campaign appears to be an attempt to destroy Dan, XC, and the Blocknet in the hope of attracting users to SDC, a coin with legitimate anonymity features and thus a direct competitor.

## An underlying problem?

A valid question is how this sort of campaign is even possible. Related to it is the question of just how damaging and counterproductive it is for cryptocurrency innovation to exist in an environment so rife with scams, FUD, and abuse.

A surprising observation is the fact that the moderators of Bitcointalk appear to keep Bitcoin-related sections of the site largely free of scams, and promote productive and intelligent discussion. In contrast the altcoin section can seem like an intractable wasteland of illicit dealings that are allowed to run unchecked.

Is Bitcointalk a large part of the problem? Why aren’t scammers, poop ‘n scoop tacticians (fudsters), and the like appropriately banned? Perhaps the following conversation on Twitter is a fitting close: <https://twitter.com/brelly1978/status/529294088567132161>