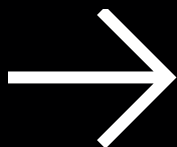


# DART

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## Digital Assets Risk and Trustworthiness Assessment

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# TABLE OF CONTENTS

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**01** / Project information

---

**02** / Team

---

**03** / Github & Code Quality

---

**04** / Socials & Community

---

**05** / Business model

---

**06** / Conclusion and Score

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# PROJECT INFORMATION

## Equilibrium Finance

**Project Category:** DeFi Protocol

**Official Website:** <https://equilibrium.io/>

**Blockchain/Platform:** Polkadot Network.

**Brief Description:** Equilibrium is a DeFi 2.0 cross-chain money market protocol offering high leverage which allows users to lend and earn interest, borrow for trading and hedging with collateral, trade crypto assets, and provide insurance liquidity to cover borrower losses, earning yield. The platform also offers passive income through market maker liquidity pools and liquidity farming incentives.

**Prelude:** This review presents the risk factors associated with the given project and provides an analysis and respective overall risk rating as per a prescribed methodology. This report is not responsible for any subsequent use, interpretation, or reliance on its contents, and nothing within should be taken as guidance or advice.



# TEAM COMPOSITION

The Equilibrium Finance team is comprised of the following individuals:

**Alex Melikhov, CEO:**

Alex serves as the CEO and is a serial entrepreneur in the digital and fintech space. He has founded and co-founded several companies, including the well-known crypto exchange Changelly, Oxygen trade, and EOSDT. Alex also holds an MSc in Applied Mathematics, which complements his deep understanding of the fintech industry. Alex was also recently noted as the founder of a layer 1 blockchain focused on AI-driven dApps named Warden.

**Yves Renno, Lead Analyst:**

Yves is the Lead Analyst at Equilibrium, bringing experience from traditional finance, including roles in quantitative research and structured derivatives trading at Societe Generale, Dresdner Kleinwort, and Commerzbank AG. Yves has a rich academic background with an MSc in Statistics and Financial Modelling from Paris and another MSc in Financial Mathematics from the University of Chicago.

**Lesley Czuma, Business Development:**

Lesley, heads Business Development and has leadership experience in management and consulting across startups, nonprofits, and corporate environments in seven countries. Lesley has advised major companies like METRO Group and the enterprise blockchain startup, Insolar. She holds a Ph.D. from the Free University of Berlin.

**Peter Streelman, Sr. Project Manager Tech Team:**

Peter is a Senior Project Manager on the tech team, with a history of managing the development of various financial projects and applications, including margin trading and risk engines, OTC order automation, and mobile trading applications. He has previously worked with banks, bringing a financial background to the team.

**Veniamin Khrapov, Tech Lead:**

Khrapov is the Tech Lead, specializing in blockchain and DeFi projects with expertise in platforms like Ethereum, EOS, and Polkadot. As a SCRUM master, he has developed high-load projects and automated marketing systems, as well as programs on national trade exchanges. Veniamin is purported to have over a decade of development experience.

**Natalie Cheah, Business Development:**

Natalie contributes to Business Development, with nearly a decade of experience in wholesale financial markets. She specializes in trading and structuring interest rate derivative products and has a significant role in designing tokenized financial products, playing a crucial part in the development of the tokenized interest rates ecosystem.

# TEAM

## The Equilibrium Finance team structure

According to Equilibrium finance, the project is composed of a team of over 25 international specialists in decentralized finance, classical banking and finance, blockchain, and digital transformation and are distributed all around the world. However, only 8 out of the 25+ have their short biography, name, picture and work experience displayed on the project's official website.

## The Equilibrium Finance supporters

The project advisors are composed of:

**Eric Wang**, who provides advisory on EQ ecosystem development. He has key expertise in the Substrate ecosystem and institutional blockchain investments. Currently, he is an Ecosystem Development Lead at Parity Technologies. Eric's past roles include co-founding Archon, where he led a successful ~\$2.1M seed fundraising round, and being a partner at Bica Capital. He holds a BSc from UCLA and an MSc from Stanford.

**Joe Petrowski**, who advises on the Initial Parachain Offering strategy, leveraging his background in math modeling and computer simulations. He is a Senior Research Analyst at Parity Technologies and has previous engineering experience at Lockheed Martin and Boeing. Joe holds a BSc in Aerospace, Aeronautical, and Astronautical Engineering.

## The Equilibrium Finance connections

Moonbeam, Ren, Curve, Band Protocol, Bluzelle, Chainlink, Kylin Reef, and Polkadot DeFi alliance.

## The Equilibrium Finance concerns

The project's official website shows some selected team members' biographies, indicating some level of transparency. But, details are provided for only 8 out of the 25+ members, leading to a wider gap in verifiable information about the entire team. The partnerships with notable projects like Moonbeam, Ren, Curve, and others are as well displayed on the project website. But again, there is a lack of extensive supporting documentation, such as videos, interviews, published articles, or third-party announcements, which would provide more concrete evidence of these partnerships, rather this level of verification of these partnerships may be regarded as one-sided which is unreliable.

At the time of writing this report, there were several derogatory mentions to Equilibrium Finance in regards to their crowd loan funds not being given back to investors as well as confusion. In addition to this, there was also a statement made by an individual on social media that was identified to have been made three months prior to the date of this document where it mentions Alex Melikhov's name and advised him to provide back the DOT tokens.

However, in reference to the above items, there were other comments identified on open-source where some investors indicated that these funds have been returned back to them in small batches.

Further to these items, having one of the Co-Founders being mentioned during this summer of 2024 as a Co-Founder to a new Layer 1 blockchain project raises questions as to the current status of operations, yet no formal communication has been identified.

While users should not take this as a definitive factual statement, this does raise a red flag associated with the slowly unwinding and abandoning of crypto projects.

# GITHUB & CODE QUALITY

Equilibrium Finance's open-source status is public, which means that their codebase is accessible for anyone to view, contribute to, as well as to audit. This transparency is beneficial for building trust within the community and fostering collaboration. The project also shows a healthy level of activity on GitHub, with 57 repositories with a relatively small number of members (Three members) noted. The repositories had varying degrees of commits and indicates the team conduct maintenance, which is a positive sign of development and the addressing of potential issues, however, updates for a number of these repositories were noted to have been made several months back, while others were last updated a few years back, which indicates a need for consistent engagement in the platform.

The quality of documentation appears to be good, which is crucial for both onboarding new developers and ensuring that existing contributors can work effectively. Well-maintained documentation also helps external developers understand and interact with the project, facilitating more contributions and enhancing the overall ecosystem, and the use of languages like TypeScript, Rust, JavaScript, Python, and Go reflects a diverse tech stack.

# SOCIAL MEDIA & COMMUNITY

## Community size and activity

The Equilibrium Finance community has a significant presence across multiple platforms, although the level of engagement and activity raises some concerns. On X, the community boasts a substantial following of just over 55K, but the interaction, including likes, comments, and reposts, is relatively low considering the audience size. Telegram, with over 3K subscribers, follows a read-only format that naturally limits engagement, a situation that has persisted since 2022. On Medium, the community has about 5K followers, and while there is a decent number of published articles, engagement remains minimal, with little interaction in terms of comments, although there is a noticeable number of claps. Discord stands out with over 9K members, where interaction is more active, and moderators are responsive, particularly in managing scams.

## Quality of interactions

The quality of interactions within the Equilibrium Finance community varies across platforms. On X, although the platform has a large follower base, the quality of engagement is questionable due to the low level of interaction, which may reflect a disconnection between the content and the audience's interests. Telegram's read-only format further limits meaningful interaction, restricting the community's ability to engage directly with content or each other. Medium's platform reflects a similar trend, with minimal comments on articles, though there is some level of acknowledgment through claps, suggesting passive rather than active engagement. In contrast, Discord presents a more interactive environment, with moderators actively engaging with the community, particularly in addressing scams and responding to user comments. This indicates a higher quality of interaction within the Discord community, where the administrators appear more attentive and responsive.

## Red Flags and Risks

Several red flags and risks emerge from the current state of the Equilibrium Finance community. The low engagement across platforms like X and Medium, despite having a sizable following, could indicate issues such as a lack of engaging content, ineffective communication strategies, or a high number of inactive or bot accounts. The stagnant content, with the last significant posts and articles dated several months back, suggests potential issues with content management and community engagement. Furthermore, on platforms like Telegram and Discord, where community members have expressed concerns regarding the project and have attempted to reach out for responses, the lack of clear communication from the team raises questions about the project's current status and transparency. This lack of responsiveness and visible concerns from the community could pose significant risks to the project's credibility and future prospects.

While entering the project's application, it was noted that a customer support pop-up appeared with the name of "Mike" and was noted to have the status of "Active over 1w ago", raising questions as to user engagement with the protocol.

# BUSINESS MODEL

Equilibrium's business model is built with a clear focus on robustness and sustainability in the DeFi space.

What really stands out is how they handle risk management and pricing for asset portfolios. By steering clear of interest rates and liquidation penalties set by governance, they offer a system that's more in tune with the market, and this kind of transparency and fairness can draw in users who are often skeptical of hidden fees and rigid rules on other platforms.

One of the appealing aspects is the flexibility in borrowing, requiring only 105% collateralization. Coupled with the option for high-leverage margin trading, it allows users to manage their portfolios more effectively. They can be confident to a large extent that the system is designed to keep their positions safe. Equilibrium's method of handling liquidations through a bailout mechanism instead of auctions is another impressive feature. It made the process easy, reducing certain complexity thereby improving the user experience. The borrowing and lending process within Equilibrium is designed to be both user-friendly and efficient, because borrowers can manage their assets as a complete portfolio, and minimizes the risk of liquidation. Meanwhile, lenders benefit from the added security of having liquidation risk transferred to insurers.

The EQ token is central to the ecosystem, offering staking opportunities, acting as bailout and collateral liquidity, serving as a platform currency, and enabling governance. This multifunctional utility can boost demand for the token, supporting its value and stability. Equilibrium has a well-thought-out fee structure. Transaction, DEX, and interest fees are transparent and designed to encourage participation while discouraging system abuse, and the governance model, transitioning from centralized to decentralized, ensures that user interests will be represented and protected over time.

That being said, the project's viability depends on its operational status, user adoption, and to which were noted to have been put in question according to the most recent items identified in the sections above.



# CONCLUSION AND SCORE

## Conclusion

Based on this comprehensive review, Equilibrium Finance showed promise, particularly in its business model and team reputation. It's clear they have some innovative features like the bailout mechanism for liquidations and a versatile EQ token, which is worthy to note. However, there are a few areas where they could do better, such as boosting their social media engagement and providing more information about their team members since there are a number of community concerns that have not been fully addressed according to their socials.

## Score

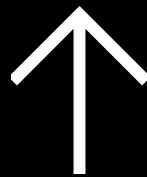
As per the information detailed throughout the prior sections, Equilibrium falls into the **High** risk category. This means that there may still be potential here, however, the team has to engage with its community and provide ease to their concerns. If you're thinking about investing or using their platform, keep an eye on these developments and, as always, do your own research and follow their updates closely.

# CONTACT US

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[Discord Community](#)



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**TEAM**