

Constitution of LexDAO Club

Originally Adopted July 24, 2020

Article I - Organization

Section 1.1 - Status. LexDAO Club (referred to in this agreement as "LexDAO") is an unincorporated nonprofit association under Wyo. Stat. Title 17, Ch. 22 of the laws of the State of Wyoming.

LexDAO is not intended to be, and shall not be deemed to be, a partnership.

Section 1.2 - Purposes. As more fully stated in its Mission Statement (as may be updated from time to time via governance) LexDAO is organized to form a club of legal engineering professionals, united to innovate and bring the traditional legal settlement layer to code, and coded agreements to the masses. We believe that everyone deserves access to justice provided in a quick and efficient manner. If legal services were easier to use, verify, and enforce, we could live in a fairer world. Distributed ledger technology offers solutions to many problems in the legal space. Our mission is to research, develop and evangelize first-class legal methods and blockchain protocols that secure rules and promises with code rather than trust. We do this by training LexDAO certified legal engineers and building LexDAO certified blockchain applications. We strive to balance new deterministic tools with the equitable considerations of law to better serve citizens on a cooperative and nonprofit basis for the primary and mutual benefit of its members and common good.

Section 1.3 - Not a Law Firm and Not Your Lawyer. LexDAO is not a law firm and cannot give legal advice. Any information or artifacts provided by LexDAO or its members does not, and is not intended to, constitute professional legal opinion; instead, all information, content, and materials are for general informational, academic commentary and educational purposes only.

LexDAO members, or users of any LexDAO resources, should contact their attorney to obtain advice with respect to any particular legal matter. No reader, user, or browser of LexDAO website or services should act or refrain from acting on the basis of information on this site without first seeking legal advice from counsel in the relevant jurisdiction. Only your individual personal attorney can provide assurances that the information contained herein – and your interpretation of it – is applicable or appropriate to your particular situation. Use of, and access to, LexDAO, any LexDAO website or any of the links or resources contained within the site do not create an attorney-client relationship between the reader, user, or browser and website authors, contributors, contributing law firms, or committee members and their respective employers.

Section 1.4 - Cooperative principles. LexDAO shall be operated in the spirit of cooperative principles framed by the 1995 General Assembly of the International Cooperative Alliance, including: (i) voluntary and open membership; (ii) democratic member control through distributed ledger smart contract voting management; (iii) member economic participation; (iv) autonomy and independence of LexDAO; (v) providing education, training and information; (vi) cooperation with other DAO cooperatives; and (vii) concern for community.

Section 1.5 - Nondiscrimination. LexDAO shall not arbitrarily discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, disability, political affiliation, or otherwise.

Section 1.6 - Decentralized Autonomous Organization (DAO). LexDAO is a DAO, an unincorporated association of individuals, entities, associations and/or other persons or groups of persons who all agree to join together in a common purpose. For LexDAO that purpose is encapsulated in our Mission Statement.

Article II - Membership

Section 2.1 - Eligibility Membership as defined in Wyo. Stat. Title 17, Ch. 22 shall be voluntary and application open to any individual of at least 18 years of age whose purpose or presumed intent is to contribute, to build, and to use the services of LexDAO and is willing to accept the responsibilities and terms of membership.

Section 2.2 - Admission. The membership of LexDAO applicants will be granted or denied by vote upon the submission of required information on a prescribed application form, paying any required application fee, and contributing to LexDAO., if any, all as determined by the membership. The contribution requirement may be waived in whole or in part for persons of low income. LexDAO is a decentralized network of members and may admit or deny for any arbitrary purpose or lack of purpose.

All LexDAO governing members will receive one LexDAO Member Token (each a "LDM"). LDM is a membership and voting token for participating in and improving the governance of LexDAO via the Designated Smart Contract. Once the admission requirements are met the prospective member may be put up to a vote of the full LDM membership. LexDAO will consistently review, and if necessary LDM members can make adjustments to the admission requirements based on its evolving needs. Current path to initiate a proposal to join membership and to signal members for a vote can be found in the LexDAO Handbook, and may be updated from time to time.

Section 2.3 - Rights. LexDAO Members shall utilize the "Designated Smart Contract" (a smart contract deployed to the Designated Blockchain at the Designated Blockchain Address (currently an Aragon application) as the exclusive method of holding, allocating among the LDM Members, and spending, or otherwise distributing any Tokens that are LexDAO property, of minting and issuing LDM Membership Tokens and holding and recording votes of the LDM Members. LexDAO may also utilize the Designated Smart Contract to administer and facilitate certain other arrangements and transactions involving LexDAO, the LDM Members and/or third parties.

LexDAO Members' rights and responsibilities are controlled by the use of the Designated Smart Contract used to conduct its governance and LexDAO activities. LexDAO's Aragon Agent is located at LexDAO's designated Ethereum Web3 address (**0x97103fda00a2b47EaC669568063C00e65866a633**) through LexDAO governance to act on behalf of LexDAO, to contract on behalf of the DAO through a LDM membership vote. LDM members will cast votes and carry out the decisions made on the Designated Smart Contract. LDM tokens are held in Account Addresses, key paired wallets controlled by LDM Members in a designated hexadecimal address ("Member Web3 Account"). The registry of Member Web3 Account addresses holding LDM governance tokens of LexDAO can be found here: <https://nightly.aragon.org/#/lexdao/0xc191dc522672e10441bb9ee7c58946e9a8ebe4c0/>.

Section 2.4 - Responsibilities. By accepting and retaining membership each applicant shall agree to use the services of LexDAO on at least an occasional basis. Each member shall keep reasonably current in payment of any dues or membership fees and other financial obligations of membership. Each member shall notify LexDAO of an e-mail address or other acceptable communication channel by which the member may receive written or electronic materials required or permitted by this document or shall notify LexDAO that the member has no e-mail address and designate the mutually acceptable form of communication.

If you have received any LDM or are otherwise a DAO Member, you consent to contact and agree to become legally bound by this Agreement as both a LexDAO participant and more specifically a "LexDAO Member".

Section 2.5 - Limitations. Status as a LexDAO Member does not (and shall not be deemed to) create, and the LexDAO Membership Rights do not (and shall not be deemed to) include, any authority, right or power on the part of a LexDAO Member to act as the agent, representative or attorney of or otherwise act on behalf of LexDAO or any other LDM Member, to bind LexDAO or any other LDM Member to any Contract or Liability or to convey any LexDAO property or any asset, right or property owned or held by or on behalf of LexDAO or any LDM Member. Without limiting the generality of the foregoing, no LDM Member shall be deemed the partner

of LexDAO or any other LDM Member. No LDM Member shall state, purport, imply, hold out or represent to any person that such LDM Member or any other LDM Member has any such authority, right or power.

To the maximum extent permitted by applicable law, no LDM Member shall be (or shall be deemed to be) liable for any liability of the LexDAO or any other LDM Member. This shall not (and shall not be deemed to) create or imply any obligation of LexDAO or any LDM Member to indemnify or compensate any LDM Member from, or hold any LDM Member harmless against, any Liabilities incurred by such DAO Member under any applicable law, in connection with the LDM Member's participation in LexDAO or otherwise.

Section 2.6 - Inactive status. A member who falls from good standing may have their membership revoked or suspended through the vote of LDM Membership (each said action, a "Guild Kick/Member Removal"). References herein to the rights and entitlements of members shall be understood to refer only to members in good standing.

Section 2.7 - Access to information. Members shall have access to information concerning the operational and financial affairs of via the Treasury application of the organization. Currently the LexDAO treasury can be viewed via Designated Smart Contract.

Section 2.8 - Settlement of disputes. In any dispute between LexDAO and any of its members or former members which cannot be resolved through informal negotiation, it shall be the policy of LexDAO to prefer the use of mediation whereby an impartial mediator may facilitate negotiations between the parties and assist them in developing a mutually acceptable settlement. Neither party with a grievance against the other shall have recourse to litigation until the matter is submitted to mediation and attempted to be resolved in good faith. All LDM Membership agree that there is a preference to settle disputes amongst members or between members and LexDAO via decentralized dispute mechanisms via smart contract protocols.

Section 2.9 - Transferability of Membership. Membership rights and interests may not be transferred except by vote of LexDAO membership. Any attempted transfer contrary to this section shall be wholly void and shall confer no rights on the intended transferee and shall be cause (though none is needed) to burn the LDM token through a Guild Kick member removal procedure.

Section 2.10 - Withdrawal and Expulsion. A member may withdraw at any time upon notice to LexDAO through a vote to burn their LDM token. Said request will not be unreasonably denied and shall be deemed conclusively as the LDM Members intent to withdraw from LexDAO. A member may be expelled by LexDAO through the Guild Kick procedure established in paragraph 2.6 of this document and adopted by the membership. Upon termination of membership LDM token, all rights and interests in LexDAO shall cease except for rights to redemption of capital pursuant to Article V below (if any).

Article III - Meetings of Members

Section 3.1 - Meetings. Meetings of members shall be described on a basis at the discretion of its membership in lexdao.chat. Typically, governance meetings are set on weekly cadence through internet chat which is where parties agree to conduct such other business as may properly come before the meeting.

Section 3.2 - Special meetings. Special meetings of members may be called by a designated group (the "LexDAO Advisory Group"). The LexDAO Advisory Group is not required and may never be formed. Creation and Designation of the LexDAO Advisory Group will be approved via the Designated Smart Contract .

Section 3.3 -Time and place. The date, time and place of all meetings of the LexDAO Advisory Group shall be determined by the LexDAO Advisory Group or, in the event that the LexDAO Advisory Group fails to act, by a call for vote via the LDM membership.

Section 3.4 - Notice. The membership is responsible for monitoring votes of concern on the Designated Smart Contract. Notice of votes can be set up by LDM holders via the Designated Smart Contract and when votes are triggered in lexdao.chat. Notices of meetings shall also be posted on LexDAO's official social media and lexdao.chat including the member information roster, but the inadvertent failure to do so shall not affect the validity of the meeting. Any business conducted at a meeting of members other than that specified in the notice of the meeting shall be of an advisory nature only.

Section 3.5 - Quorum. The LexDAO Handbook ("Handbook") shall provide a written explanation of the voting mechanism and voting quorum requirements of LexDAO. All actions using a software agent, (e.g. Aragon Agent), Treasury, membership and voting are governed by the Designated Smart Contract.

Section 3.6 - Voting. Unless otherwise required or designated in writing, each member in good standing shall have one and only one vote on each matter submitted to a vote of members. Voting by manual proxy shall not be permitted, programmatic proxy voting may be used with the consent of the DAO unless otherwise required by law or by this agreement, issues shall be decided by the Designated Smart Contract. Records of membership shall be associated with an Account Address and be made accessible via Designated Smart Contract on the Designated Blockchain Network.

Article IV - Decentralized Governance

Section 4.1 - Powers and duties. Except as to matters reserved to members by law or by this constitution, all LexDAO powers shall be exercised by or under the authority of LDM members or such agents or designees approved by LDM Members through Designated Smart Contract voting.

Article V - Governance Shares and Capital Shares

Section 5.1 - Issuance and terms. It is noted that different Designated Smart Contracts have different manners of managing governance shares ("LDM") versus contributed capital and efforts resulting in retains to LexDAO ("Loot Shares"). Currently, LDM members have no rights of redemption of any working capital, or token assets, held within LexDAO. In the future, to evidence capital or contributions of efforts provided by members, the Co-op may issue "Loot Shares". Loot Shares may be issued only to persons eligible for and admitted to membership in LexDAO. Loot Shares shall be considered issued upon their issue and they need not be evidenced by certificates. Loot Shares shall be entitled to no dividend or other monetary return on contributed capital and may not be used to secure loans or other obligations of members. Loot Shares shall be subject to assessment for the reasonable capital needs of LexDAO, as determined by mutual agreement. Loot Shares (if issued) should be considered to be similar to "retains" and are envisioned as a manner of tracking contributions made to the nonprofit. It is not anticipated that LexDAO will ever turn a "profit" as excess capital will be paid out via charitable donations, grants, or other forms of support meant to carry out the Mission Statement.

Section 5.2 - Redemption. Upon request following termination of LexDAO membership or via a future Smart Contract Mechanism to remove capital via a burn of Loot Shares, the Loot Shares shall be redeemed via a mechanism to be determined by LDM members. A "Rage Quit" is a request to burn both LDM Membership token and Loot Shares. A "Loot Quit", is simply to burn and withdraw Loot Shares as return of retains. Loot Shares (if ever created) shall be redeemable at the approved Designated Smart Contract less a reasonable processing fee (if any).

Article VI - Guild Kick/Member Removal and Exit

Section 6.1 - Guild Kick/Member Removal Procedures. Shall be governed by the Handbook.

Section 6.2 - Material Adverse Exception Event. Notwithstanding anything to the contrary set forth in Section 4, if there is a Material Adverse Exception Event, then the rules and procedures set forth in this clause shall determine the rights and obligations of the LDM holding members relating to the LexDAO property.

Article VII - Patronage Dividends

Section 7.1 - Distribution obligation. The realized net earnings of LexDAO attributable to the patronage of members through contributions and voting shall be allocated and distributed among members in proportion to their patronage and in such a manner and at such a time as to constitute patronage dividends within the meaning of federal income tax law. Unless otherwise required under federal tax law all of the operations of the LexDAO shall be netted into a single allocation unit.

Section 7.2 - Reductions. Any distributable net earnings of such a nominal amount as not to justify the expenses of distribution may, as determined by the LexDAO Advisory Group or LDM Members, be excluded from distribution. Net earnings may be reduced by such reasonable reserves for necessary business purposes as is determined by the LexDAO Advisory Group or LDM Members. A patronage dividend to which members are entitled may be waived in whole or in part by vote of members.

Section 7.3 - Consent of members. By obtaining or retaining membership in LexDAO, each member shall there by consent to take into account, in the manner and to the extent required by Section 1385 of the Internal Revenue Code, the stated dollar amount of any qualified written notice of allocation in the taxable year in which such notice is received.

Section 7.4 - Deferred amounts. Payment of patronage dividends may be deferred for the reasonable capital needs of LexDAO, as determined by LDM Members. Such amounts shall accrue no dividend or other monetary return on capital. Deferred patronage dividends may be redeemed when determined by LDM Members to be no longer needed for capital purposes.

Section 7.5 - Net losses. No portion of a net operating loss realized by the Cooperative shall be allocated to members. The patronage portion of such losses shall be carried forward to offset patronage-sourced income of subsequent years. The non patronage portion of such losses shall be carried back and forward to offset non patronage-sourced income of prior and subsequent years as required or permitted under federal income tax law. As a nonprofit unincorporated association, it is not anticipated there will be tax returns or profits.

Section 7.6 - Failure to Claim or Redeem. The patronage dividend distributed to any member, by any means, including as cash, as a voucher, or by digital asset may be used for the purchase of LexDAO items and services, or donated to LexDAO. The portion of a patronage dividend distributed to any member that is not claimed, used, redeemed or donated within 90 days of issuance date, or by the next June 30th from issuance date, whichever is later, shall potentially revert to LexDAO as a donation without further notice to the member. Such portions of patronage dividends that are donated or that revert to LexDAO as provided in this subsection shall be distributed and allocated to a tax-exempt charity or grant as the LDM Members may determine.

Article VIII - Fiscal and Miscellaneous Matters

Section 8.1 - Fiscal year. The fiscal year of LexDAO shall be the calendar year beginning January 1st and Ending December 31st.

Section 8.2 - Indemnification. LexDAO shall indemnify its directors, officers, employees, or agents as required under Wyoming law, and may indemnify such persons as permitted under Wyoming law. Indemnification payments shall be made on a priority basis but only in such increments and at such times as will not jeopardize the ability of LexDAO to pay its other obligations as they become due.

Section 8.3 - Communication by electronic means. Unless otherwise required by law or by agreement, any notice, vote, consent, petition, or other oral or written communication required or permitted can be delivered by electronic means, provided that, in the case where such communication expressly or impliedly requires the signature of the person submitting the communication, means are in place to reasonably assure the authenticity of the signature.

Article IX - Interpretation and Amendment of Constitution

Section 9.1 - Interpretation. The LexDAO Advisory Group (if formed via vote of LDM Members) shall have the power to interpret this Constitution, apply them to particular circumstances, and adopt policies in furtherance of them, provided that all such actions are reasonable and consistent.

Section 9.2 - Severability. In the event that any provision of this Constitution is determined to be invalid or unenforceable under any statute or rule of law, then such provision shall be deemed inoperative to such extent and shall be deemed modified to conform with such statute or rule of law without affecting the validity or enforceability of any other provision of this Constitution.

Section 9.3 - Amendment. This Constitution may be amended by presenting the redlined version of the amendments at a meeting of members, and adopted by a vote or merge request as prescribed in the Handbook. As a form of soft consensus, any LDM Member may timely protest a merge request made to the Constitution that has not been adopted as an approved version by LDM Members via the Designated Smart Contract.

Article XI - Definitions

(a) **"Account Address"** means a public key address on the Designated Blockchain Network that is uniquely associated with a single private key, and at which no smart contract has been deployed.

(b) **"Claim"** means any past, present or future dispute, claim, controversy, demand, right, obligation, liability, action or cause of action of any kind or nature.

(c) **"Confirmation"** of a transaction shall be deemed to have occurred if and only if such transaction has been recorded in accordance with the Consensus Rules in a valid block whose hashed header is referenced by at least 12 subsequent valid blocks on the Designated Blockchain.

(d) **"Consensus Attack"** means an attack that: (i) is undertaken by or on behalf of a block producer who controls, or group of cooperating block producers who collectively control, a preponderance of the means of block production on the Designated Blockchain Network; and (ii) has the actual or intended effect of: (A) reversing any transaction made to or by the Designated Smart Contract after Confirmation of such transaction, including any "double spend" attack having or intended to have such effect; or (B) preventing inclusion in blocks or Confirmation of any transaction made to or by the Designated Smart Contract, including any "censorship attack," "transaction withholding attack" or "block withholding attack" having or intended to have such effect.

(e) **"Consensus Rules"** means the rules for transaction validity, block validity and determination of the canonical blockchain that are embodied in the Designated Client.

(f) **"Contract"** means any: (i) written, oral, implied by course of performance or otherwise or other agreement, contract, understanding, arrangement, settlement, instrument, warranty, license, insurance policy, benefit plan or legally binding commitment or undertaking; or (ii) any representation, statement, promise, commitment, undertaking, right or obligation that may be enforceable, or become subject to an Order directing performance thereof, based on equitable principles or doctrines such as estoppel, reliance, or quasi-contract.

(g) **"LexDAO Property"** means any Token or other asset, right or property licensed to or on deposit with or owned, held, custodied, controlled or possessed by or on behalf of LexDAO, including any Token on deposit with or held, controlled, possessed by or on deposit with the Designated Smart Contract.

(h) **"Designated Blockchain"** means at any given time, the version of the digital blockchain ledger that at least a majority of nodes running the Designated Client on the Designated Blockchain Network recognize as canonical as of such time in accordance with the Consensus Rules. For the avoidance of doubt, the "Designated Blockchain" does not refer to ETHEREUM CLASSIC or any digital blockchain ledger commonly known as a "testnet".

(i) **"Designated Blockchain Network"** means the Ethereum mainnet (networkID:1, chainID:1)" as recognized by the Designated Client.

(j) **"Designated Client"** means the Official Go Ethereum client available at <https://github.com/ethereum/go-ethereum>

(k) **"Designated Smart Contract"** means the smart contract deployed at address 0xa365A8429FceFdbE1E684dDdDA3531b6e8d96e75 on the Designated Blockchain.

(l) **"Distributed LexDAO Property"** means any asset, right or property that was once LexDAO Property and has been distributed to a DAO Member.

(m) **"Legal Order"** means any restraining order, preliminary or permanent injunction, stay or other order, writ, injunction, judgment or decree that either: (i) is issued by a court of competent jurisdiction, or (ii) arises by operation of applicable law as if issued by a court of competent jurisdiction, including, in the case of clause "(ii)" an automatic stay imposed by applicable law upon the filing of a petition for bankruptcy.

(n) **"Legal Proceeding"** means any private or governmental action, suit, litigation, arbitration, claim, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other governmental entity or any arbitrator or arbitration panel.

(o) **"Liability"** means any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, inchoate derivative, joint, several or secondary liability), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with generally accepted accounting principles and regardless of whether such debt, obligation, duty or liability is immediately due and payable. To be "Liable" means to have, suffer, incur, be obligated for or be subject to a Liability.

(p) **"Lien"** means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, other possessory interest, conditional sale or other title retention agreement, intangible property right, claim, infringement, option, right of first refusal, preemptive right, exclusive license of intellectual property, community property interest or restriction of any nature including any restriction on the voting of any security or restriction on the transfer, use or ownership of any security or other asset.

(q) **"Material Adverse Exception Event"** means that one or more of the following has occurred, is occurring or would reasonably be expected to occur: - (i) a Consensus Attack adversely affecting the results or operations of the Designated Smart Contract; - (ii) the Designated Smart Contract having become inoperable, inaccessible or unusable, including as the result of any code library or repository incorporated by reference into the Designated Smart Contract or any other smart contract or oracle on which the Designated Smart Contract depends having become inoperable, inaccessible or unusable or having itself suffered a Material Adverse Exception Event, mutatis mutandis; - (iii) a material and adverse effect on the use, functionality or performance of the Designated Smart Contract as the result of any bug, defect or error in the Designated Smart Contract or the triggering, use or exploitation (whether intentional or unintentional) thereof (it being understood that for purposes of this clause "(iii)", a bug, defect or error will be deemed material only if it results in a loss to a LDM Member or LexDAO of at least 25 percent of such LDM Member's distributable interest in LexDAO Property and/or 15 percent of the LexDAO Property); - (iv) any unauthorized use of an administrative function or privilege of the Designated Smart Contract, including: (A) any use of any administrative credential, key, password, account or address by a Person who has misappropriated or gained unauthorized access to such administrative credential, key, password, account or address or (B) any unauthorized use of an administrative function or privilege by a LDM Member or a representative of a LDM Member; or - (v) the Designated Smart Contract, any of the LDM Members or the LexDAO Property is subject to a Legal Order that prohibits the Designated Smart Contract (or that, if the Designated Smart Contract were a Person, would prohibit the Designated Smart Contract) from executing any function or operation it would otherwise reasonably be expected to execute. - (vi) "Person" means any human, robot, bot, artificial intelligence, corporation, partnership, association or other individual or entity recognized as having the status of a person under the law. - (vii) "Token" means a digital unit that is recognized by the Designated Client on the Designated Blockchain Network as capable of: (a) being uniquely associated with or "owned" by a particular public-key address on the Designated Blockchain Network at each particular block height; and (b) having Transfers of such digital unit recorded on the Designated Blockchain. - (viii) "Transfer" of a Token to a given address (the "Receiving Address") on the Designated Blockchain Network will be deemed to have occurred if and only if it is recognized by the Designated Client on the Designated Blockchain Network that: - (ix) there has been duly transmitted to the Designated Blockchain Network a new transfer function transaction that: (a) provides for the reassociation of the Designated Token with the Receiving Address; and (b) is signed by a private key that is (or a group of private keys that together are) sufficient to authorize the execution of such transfer function; and - (ix) such transaction has been Confirmed.

(r) **"Guild Kick"** means removal from the membership via vote of LDM members to destroy the LDM Membership token through a burn function or other process as described in the Handbook. Unless specifically provided otherwise a member subject to a Guild Kick shall not be entitled to any distribution or return of capital, funds, retains, etc.