Meeting: 19 Jul 2024, via voice call
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Past 1.5 yr remote
- Barcelona
- Bankgkok
- etc

Before worked at Mercedes
- Very political co
- Not efficient lol
- "A lot of companies today that are just coasting on a reputation that's 50 years old."

There, worked on:
- Knowledge management
- Chat support bots / AI

Now a media data governance manager at Red Bull:
- Granular governance v. High level at Pecunia
- **Incentives**
  - Questioning "laws only apply when you have full control over the domain" which isn't the case in web3, so need a flexible incentive structure
    - Wiggle room to evolve
    - Sets directed behavior
    - <u>Defining a long term goal</u> / alignment
      - Different goals = different organizations
      - Tries to break things into tasks to enable decentralized labor
      - Want to create a positive social impact and benefit the DAO

Started as a bartender

Connects with the "ability to short of the market at the end of the day."

Working entirely off crypto project payments, seen the world of trading.
- Always converts to stablecoin in contracts
- Setting project budgets in prod with info

Why they started Pecunia nonprofit: fixing the bureaucracy!
- **Project management DAO**
- Any external profit goes into internal projects where a member proposes something.
- Stable, reliable, operational projects
  - Sees a lot of chaos in web3
- Started with Hummingbot projects early on
  - A permanent offering they're working on
- Core internal product (to be open source): **tool / platform for organizing completely-remote semi-anonymous project management infrastructure**
- Projects:
  - Card game project
  - Twitter API stuff
- Events:
  - Hackathons:
    - Organize through community and core docs
- Goals:

- Professional structure for grants and contracts
    - As a nonprofit, focus on this
    - Somewhat constant chasing of funds
    - Funds get used better via contributor payments
- Lean Org
    - Efficiency focused
    - 6 core / founding contributors
    - 20 overall contributors
- Scalable principles
    - Saw a huge gap between what projects wanted built by their community and the amount of time and effort needed to do so
    - Crypto projects in your free time != taking on massive projects with huge grant funding
    - Trying to bridge the gap between open source development and necessary public goods

On nonprofit structure for getting contributors rewarded and clients happy:
- Nobody concerned about trying to get rich off crypto
- Didn't want to face limitation from tax authorities
    - Limitations on legal resources
    - No plans for stable revenues
    - "Touch and go" projects
- Not worried about margin on top of member labor costs
- Any excess invested in community, events, merch

Process: take large grants > split up into smaller bounties > multiple devs working on their own specialized parts

Obviates the traditional "this is your job and you need to do it" approach.

On first project:
- None of the original contributors had ever met
    - Found each other through the starting community
    - Went through 15 interviews to find core devs
        - One guy knew two people (all organic relationships to start)
            - Those two people knew other people
            - Everyone gets in contact via **online** after learned about through mouth to mouth
            - A 'merle tree' of degrees of contact (eventually becomes meeting strangers after first few people)
        - Started with friends who knew each other
        - Narrowed
- Nobody shared their faces for half a year
- No natural trust between each other

Uncovered that the project they first worked on wasn't the chief innovation, but rather the working structure itself.

On Nik: learning about Stellar
- Through research
- Learning about blockchain grants
- Online searching and forums
    - An "industry problem with communication"
    - No mainstream solutions for what's needed
    - Discord / Twitter / Telegram… "they all suck in their own different ways"
        - Discord - no governance

- Telegram - no organization
- Twitter - "a shitshow"
- Should be a healthy and real competition across the blockchain industry… "true competition is long gone—it's something of a rigged game, isn't it"

A contributor runs a blockchain grants website

Everyone spent a year working through the organization itself:
- Incorporated at end of 2023 through https://www.midao.org
- Lots of research and risk analysis going through that org
- Looked into their ETH address for payment to validate
- Got M. Islands representative to confirm partnership
- Central point of contact for any paperwork change
- Alternative to retaining a lawyer for documents
No IRS nonprofit registration since in Marshall Islands
On the Islands: in the middle of the ocean, very neutral
Discusses most ship Cos using Islands for tax avoidance

Says full gov democracies just don't make sense

Some things need vote from everyone, but they analyzed:
- **Militaries**
- Governments
- Roman Empire

Completely flat just doesn't work for them moving forward.
Separate members into groups / classes per se:
- People that want to govern
- People that want to work

Can't ever have a full consensus on anything
Need to weight votes (ideally via quadratic)

Core contributors have full governing power
Similar to a Board in traditional nonprofits
But Board is not decided the same way:
- Anybody can become a Board member
- No formal qualifications or monetary dues
- Encouraged to stay anonymous and independent

All core contributors: must dox themselves to other core contributors
- Acts as a barrier to entry
  - Can still partake in organization
  - Sacrifice anonymity instead of financial resources
    - Something you "can't earn back" / a "natural sacrifice"
  - Ensures conviction amongst core contributor team / Board

Also uses reputation system:
- You get points by completing Pecunia work
- Must be above **70%** distribution of "experience points" (top 30%)
- Need to show "time and effort for organization to earn that position of leadership"

Board votes for new Board members:

- Seek alignment of mission and vision
- Make sure new Board members have good intentions
- Uses alignment tools:
    - Reputation point threshold (makes you known in org)
    - (Onchain tracking of reputation)
    - Work ethic, delivery, and commitment shown via work / reputation
    - Interview process:
        - Documented, discusses mission and vision, goals in organization etc.

Same risks apply as any organization in terms of protecting the mindsets of Board members
"Need to be able to change with the times" and not hold on to power for too long
Sees Board becoming complacent as a "natural evolution over time"

For instance, the following natural progressions are acceptable:
- Board changing the mission and vision
- Modifying goals based on community wants
- Reacting to pitfalls and peaks in real time

For a large group:
- Not everyone is qualified to weigh in on every decision
- Decisions might need to be made very rapidly in emergencies
- Consider also the speed of reaction even if all opinions are aligned

Think DAOs need:
- Some sort of center / organization
    - Price to pay for operational efficiency
- To balance perfect authoritarian efficiency with power dynamics
    - Apply decentralization to become a democratic organization
- Find the sweet spot between centralized and decentralized
    - Decentralized great for blockchain
    - Not so great for organizing humans
    - Configuring a hierarchy in two layers

Everyone in DAO is "an employee"
People that sacrifice for responsibly can lead

The threshold for leading is a new concept that they still need to test.

Preliminary results in studying pre-civilization communities:
- Human can only really know 120 people at a time
- Villages and clans can form, but after 80-120 they need cities
- People within the community don't know each other anymore, need organization
    - Leads to crime, cheating, maliciousness, etc. because "people care less about strangers."
- Hierarchies, structure, and police designed to replace traditional trust.
    - If you slept with somebody's wife, everybody used to know by the end of the week
    - After the 100-person threshold, you can do bad things without knowing person
    - Tries to keep core contributor group between 20 - 80 people
        - Not entirely ironed out because not at that scale yet

Forum is the best current solution (as in what Discord does):
- Can't really discuss with someone on Twitter or Telegram
- Need people to be able to follow everything that happens
- Everyone can still have a say, and people can share reaction
    - Can get into more nuanced discussions and subthreads

- Why Reddit is popular with ability for detailed communication
- Using a small group for the Board and admin helps them digest

Public server - opinions shared more fluidly:
- Decrease barrier to entry for sharing perspective
- No need for voting or discussion rewards (spam)
- Get all the options for a decision from diverse ppl

Then the private server:
- Know that inputs are from someone invested
- Eliminates people that just want to talk for attention
- Directly considers alignment with mission, vision, and common goal
Also has personal accountability of potentially being doxed, losing reputation points, and general interview connection.

On reputation points:
- Nobody can take away your points after completing a bounty
- Representation of the time and effort you put in
- "Can't go back in time and take back your time and effort that you put in."
- Cannot be transferred
- *Moving goalpost* because the total number of experience points is always increasing
  - Threshold is always increasing
  - Core contributors have to keep working to stay above the 70% level
  - Ensures that people stay active to maintain their pull

Though about attack vectors for $:
- Someone with money buying labor / completing bounties
  - Can pay person to do bounties and vote they way a billionaire wants
  - If enough money, not much you can do to stop that level of infiltration
  - Amount you would need to spend to hold onto power is higher than potential reward
- No governance token

Consider:
- Paying someone to do bounties & become Board member
- Paying them to do what you want in power as your agent
- That person can get to a certain reputation, but they will still need to do bounties to keep it
  - They need to continue working or else, which makes it a huge money suck
  - Essentially need to "pay someone to work at someone else's company"
    - And be one of the most active people in that organization
    - Where doxing helps since agent will need to prove self
    - Real-world reputation impacts if they are an agent
      - (Note from John: similar to FINRA disbarment)

On barrier to leadership: The point isn't that it's uncrackable, but (as with all crypto) that the barrier is so high that it isn't worth it.

On projects granularly:
- Third option for contributors
  - The only **Role** in the org
    - No strict developers
    - No strict content writers
    - No strict graphic designers
      - Nobody has a job title, just the tasks and projects which introduce skills and goals

- But each project has a project lead
  - Based on their analysis of military small unit tactics
  - Command in the field to direct battlefield operations
  - Whoever's in the actual war situation has total authority (over anybody above them)
    - In the battlefield = best to decide

When projects funded, the community votes on Project Leads:
- Can be core contributor or regular
- Only rewarded when you succeed
- Since you must deliver the completed project

Can be some things outside control of the Project Lead
No matter the project result, a lead can get paid based on their behavior
- How did they break up the total budget
- What quality / type of bounties did they make
- Where deliverables legitimately made and attempted

Anyone can be a project lead…
- Increased scrutiny over assigning bounties
- Oversight into their operational efficiency
- They have full authority and agency
  - Avoid micromanagement
  - Use any communication tools

Project proposal includes:
- Scope
- Deliverables

Anybody can submit a project:
- Reviewed by Board
- If approved:
  - Creates escrow account with budget

All this is what they're building into an open source tool.
- Anonymous contributors
- Funds in an escrow
- Voting info

Just a lot to keep track of without automation.
- Permissioned tools to track things
- Compounding HR costs and needs
- Lean operations only with a process tools
  - Workspace
  - Easy organization
  - Simple user interface

Fixing the problem of tying together bunch of different softwares.

Will use a bounty board for the actual permissionless labor part.

Bounties with a higher level of trust: use someone with points.
- Can start with smaller bounties
- Build up trust a reputation
- Ultimately manage prod

Based on evidence that work is actually delivered:
- Mostly concrete deliverables that are socially beneficial
- Projects ideally return some kind of margin to the DOA
  - Lets them continue funding projects in the future
- Tools need to benefit all of society / be open src

On margin:
- Tries to keep expenses lower than external grant cost
- Uses treasury to pay routine operational expenses
- Developers generally get a set amount defined by project lead
  - Ideally the Lead has senior experience to estimate what a bounty should be worth
    - They can estimate how much time and effort it takes
    - No timeframe or hours counted for contributors
    - Same reward no matter how long it takes

Dealing with lots of strangers necessitates flexibility:
- Can't set too many hard lines if you want active participation
- Don't want ultimatums that segregate the community
- Work backwards from the ideal final scenario
  - Goals come from the endgame
  - Governance based on needs
  - Grant users sovereignty!