

NJBN: Conversion to Democratic Fan Ownership

free.newjeans@njbn.fan

November 11, 2024

1 Project Summary

NJBN is a project aimed at separating NewJeans and ADOR from HYBE through direct fan participation, with the goals of ensuring NewJeans' independent activities and realizing a democratic ownership structure.

2 Problem Statements

2.1 Recurring Unfair Practices and Disputes

Unfair practices, contract structures, and disputes between entertainment agencies and artists in South Korea have been recurring for many years. Here are some notable examples:

- 2001 MBC Broadcasting Boycott by Korea Entertainment Producer's Association (KEPA) Members

This incident occurred due to collusion between major broadcasting companies and entertainment agencies, highlighting issues with broadcasters' oligopolistic practices and unchecked power [10].

- 2011 KARA Incident

A conflict centered around unfair contracts and profit distribution issues between the agency and the idol group, highlighting structural problems in the idol industry [8].

- 2022 Lee Seung-gi Incident

The long-term non-payment of music royalties once again brought to light chronic

issues in the entertainment industry, such as the absence of transparent revenue sharing systems and insufficient protection of artists' rights [2].

Since 2018, the Ministry of Culture, Sports and Tourism has begun distributing standard exclusive contracts for popular culture artists [11]. However, these contracts between agencies and artists alone have not been sufficient to prevent all unfair practices and establish cooperative structures for mutual benefits.

2.2 Conflicts of Interest

HYBE, the largest shareholder of NewJeans' agency ADOR, has advocated for a multi-label system and claimed to respect diversity under a single parent company. However, in reality, a competitive system has formed between its subsidiary groups. The conflict of interest has intensified due to allegations of internal plagiarism, where other HYBE groups have allegedly appropriated NewJeans' concepts, ideas, and choreography without permission [9]. Currently, NewJeans desires to secure autonomous management and production guarantees through Min Hee-jin's return as CEO of ADOR, where she currently serves as an internal director [7]. Min Hee-jin herself hopes to return as ADOR's CEO to establish independence from HYBE and support NewJeans' artistic journey [3]. However, HYBE opposes Min Hee-jin's return as CEO, leading to a conflict that has become difficult to resolve amicably.

2.3 HYBE's Persecution of NewJeans

Most alarmingly, according to leaked HYBE internal documents [1], HYBE is attempting to dispose of NewJeans. The feasibility of their next album release and the world tour planned for 2025 remains uncertain, resulting in betrayed fan expectations and limited opportunities for NewJeans' global growth. In this situation, where all trust has been broken, fans who consistently support and cheer for NewJeans' journey and activities are forced to wait in uncertainty and disappointment. Particularly, given that Min Hee-jin has clarified she is not in discussions with any company regarding investment [5], it is difficult to expect positive outcomes from external sources.

3 Project Objectives

The core objective of the NJBN project is to create an environment where NewJeans can freely pursue their artistic vision through direct fan ownership. This requires securing NewJeans’ autonomy via independence from HYBE and ensuring independent, transparent management by their preferred leadership team. Ultimately, NJBN aims to establish an improved operational structure that prioritizes the interests of NewJeans and their fans. Through achieving these objectives, NJBN will address current issues and establish a solid foundation for NewJeans’ continued success and artistic journey.

4 Execution Plan

The NJBN project aims to achieve its objectives through the following steps:

1. **Community Resource Pooling through DEX**

Utilize DEX to efficiently and transparently unite fan resources through NJBN tokens. The goal is to consolidate 500 billion won [4], which is estimated to be the maximum penalty fee based on the standard exclusive contract [11].

2. **NFT Issuance**

Issue NFTs that require NJBN token burning as a cost to promote community participation.

3. **Establishment of NJBN DAO**

Build a Decentralized Autonomous Organization (DAO) where NFT holders can participate in decision-making, and establish NJBN DAO LLC (tentative name) in Wyoming, USA [6] under DAO control to establish the project’s governance structure and legal entity.

4. **Independence from HYBE**

Use the raised funds to pursue separation between NewJeans and HYBE. This can be achieved through NJBN DAO LLC’s acquisition of ADOR or payment of the exclusive contract termination penalty fee.

5. Establishment of New Operating System

Build a new operating system that ensures direct fan participation through NJBN DAO and guarantees artist autonomy, enabling NewJeans and fans to grow and develop together.

5 Key Advantages

5.1 Securing NewJeans’ Artistic Freedom

The most important goal of the NJBN project is to secure NewJeans’ ability to freely pursue their activities. In the current structure, NewJeans’ activities may be restricted or directed according to the interests of their agency and parent company. By transitioning to a fan-owned structure through NJBN, we can achieve the following benefits:

- **Artist-Centered Decision Making**

NewJeans’ opinions and vision can be directly reflected in determining the direction of their activities.

- **Guaranteed Creative Freedom**

Creates an environment where artists can fully express their creativity and originality, free from commercial pressures.

- **Long-term Growth Support**

Focuses on NewJeans’ long-term growth as artists rather than short-term profits.

Through these structural changes, NewJeans will be able to operate in an environment where they can fully realize their musical vision and identity as artists.

5.2 Guaranteeing Min Hee-jin’s Management and Production Leadership

Another crucial goal of the NJBN project is to guarantee Min Hee-jin’s management and production authority. Min Hee-jin has played a pivotal role in NewJeans’ successful debut and growth, and her vision and expertise have been decisive in establishing the group’s identity and musical direction. Notably, NewJeans wants Min Hee-jin to be in charge of

both ADOR’s management and production. Through NJBN, we can achieve the following benefits:

- **Continuity of Creative Vision**

Min Hee-jin’s unique producing style and vision can be continuously reflected in NewJeans’ music and content.

- **Stable Operating Environment**

Creates an environment where the group can be operated and developed from a long-term perspective without external pressure or interference.

- **Maintaining Trust with Artists**

Enables more effective collaboration and growth based on the positive relationships already established with NewJeans members.

- **Realization of Innovative Ideas**

Provides opportunities for Min Hee-jin’s creative ideas and experimental approaches to be freely attempted and realized.

Through this structure, Min Hee-jin will be able to maximize her expertise and vision to lead NewJeans to an even more distinctive position in the global music market. Furthermore, this can serve as a precedent for a new management model in the K-pop industry, contributing to the formation of a culture that respects the rights and creativity of artists and producers.

5.3 Direct Fan Participation and Ownership

The NJBN project proposes an innovative structure where fans can directly participate and hold ownership stakes. This goes beyond simply supporting artists, providing opportunities for fans to directly contribute to the artist’s success and development, and share in the results. The key advantages of this structure are as follows:

- **Decision-Making Participation**

Fans can participate in important decision-making processes through the DAO. This means that fans’ opinions can be reflected in the artists’ activities, album production, concert planning, and more.

- **Ensuring Transparency**

Using blockchain technology, all decision-making processes in the DAO are transparently disclosed. This can contribute to improving the opaque practices of the existing entertainment industry.

- **Sharing Economic Benefits**

As DAO participants, fans can share in the economic benefits of NewJeans' success. This can serve as motivation for fans' continued support and participation.

- **Community Strengthening**

A structure where fans directly participate and own can form a stronger and more cohesive fan community. This will be an important asset supporting NewJeans' success in the long term.

This structure can elevate the relationship between artists and fans to the next level by making fans active participants and collaborators rather than mere consumers. Furthermore, this will serve as an innovative model that presents a new paradigm for fans' roles and rights in the entertainment industry.

5.4 First Case of Dismantling Unfair Entertainment Industry Practices Through Technology

The NJBN project can become the first case of dismantling unfair practices in the existing entertainment industry by utilizing blockchain technology and DAO structure. This can bring innovative changes in the following aspects:

- **Guaranteeing Fan Rights**

Through the DAO structure, fans can participate in decision-making, allowing artists' activities to be determined based on fan input. This improves upon the existing unilateral agency-centered decision-making structure.

- **Guaranteeing Creative Freedom**

By breaking away from centralized power structures, artists' creative freedom can be guaranteed.

- **Inducing Changes in Industry Practices**

The successful operation of NJBN can inspire other artists and fans, contributing to the improvement of practices across the entertainment industry.

This innovative approach can serve as a catalyst for changing the paradigm of the entire entertainment industry, not just benefiting NewJeans and their fans. The NJBN project will play a pioneering role in protecting artists' rights, promoting fan participation, and creating a fairer and transparent industry ecosystem through technology.

6 Conclusion

The NJBN project presents an ownership and operational model for NewJeans and their fans by utilizing blockchain technology and decentralized structures. While decentralization - the core value of cryptocurrencies and virtual assets - has rarely been used to maximize benefits for the majority, this project provides an opportunity to realize this potential. In the short term, it will maximize the utility for NewJeans and their fans, and in the long term, it can present a new paradigm for the entertainment industry. This innovative model has the potential to inspire other artists and fan communities, catalyzing change across the entire industry. The success of the NJBN project will contribute to creating a more fair and creative ecosystem throughout the entertainment industry, extending far beyond a single group and its fandom.

References

- [1] Mandy Dalugdug. *Court dismisses former ADOR CEO Min Hee-jin's reinstatement bid amid HYBE leaked documents controversy*. Oct. 2024. URL: <https://www.musicbusinessworldwide.com/court-dismisses-former-ador-ceo-min-hee-jins-reinstatement-bid-amid-hybe-leaked-documents-controversy>.
- [2] Yoo Hong. *Singer and actor Lee Seung-gi ends longtime contract with Hook Entertainment*. Dec. 2022. URL: <https://www.koreaherald.com/view.php?ud=20221202000585>.
- [3] Jae-heun Kim. *Hybe CEO pledges stability; Ador ex-CEO vows to continue legal fight*. Oct. 2024. URL: <https://news.koreaherald.com/view.php?ud=20241030050582>.

- [4] Jae-heun Kim. *NewJeans has few options after Ador rejects group's request to reinstate Min Hee-jin as CEO*. Sept. 2024. URL: <https://www.koreaherald.com/view.php?ud=20240925050626>.
- [5] Minsoo Kim. *Min Hee Jin clarifies false investment rumors, says no talks with any company*. Nov. 2024. URL: <https://www.allkpop.com/article/2024/11/min-hee-jin-clarifies-false-investment-rumors-says-no-talks-with-any-company>.
- [6] Wyoming Legislature. *Senate File No. SF0038: Decentralized autonomous organizations*. 2021. URL: <https://www.wyoleg.gov/Legislation/2021/SF0038>.
- [7] NewJeans. *Youtube Live*. The original channel and video are deleted. 2024. URL: <https://www.youtube.com/watch?v=r9ziZu3Adcg>.
- [8] Min-young Park. *Ministry to protect rights and welfare of entertainers*. Mar. 2011. URL: <https://news.koreaherald.com/view.php?ud=20110325000603>.
- [9] Jasmine Turner. *Newly Leaked Debut Plans For NewJeans And ILLIT Raise Plagiarism Suspicions Once More*. Nov. 2024. URL: <https://www.koreaboo.com/news/illit-newjeans-plagiarism-suspicions-grow-due-new-report-planning-similarities>.
- [10] 강현. “악순환의 고리 끊고 새로운 음악문화를”. In: *월간 문화예술* (Jan. 2003). URL: https://www.arko.or.kr/zine/artspaper2003_01/66.pdf.
- [11] 문화체육관광부. *대중문화예술인(가수중심) 표준전속계약서*. 2024. URL: <https://www.law.go.kr/LSW/admRulBylInfoPLinkR.do?admRulSeq=2100000242120>.