

February 3, 2023

The Authorized Members and core team would like to issue a statement with regards to January's governance cycle in order to provide context into some recent events and their actions in response to them.

Proposals MIP-0014, MIP-0015, and MIP-0016 address a series of security issues and threats made against the DAO, its treasury, and the larger community which the Authorized Members have had to address this past month. Given the current crypto-market sentiment and severity of the issues, the Authorized Members practiced exceptional security precautions to ensure adequate protections were in place for Movement and to ensure there were sufficient grounds to share what has taken place more broadly.

Due to the conflict inherent with the issues, the Service Provider has chosen to resign, leaving the responsibility of enforcing the DAO's Guiding Principles, Code of Conduct, and Policies solely to the Authorized Members. The Authorized Members always operate with DAO's best interest in mind, working hard to maintain the DAO's original vision of creating a positive, healthy, and productive environment for all members and ensuring the DAO continues to operate in a transparent, community-first, and legally compliant manner.

When the DAO initially launched, a number of individuals (referred to as "Certain Individuals") contributed considerably to the DAO's treasury as well as drafted the original GitBook, which established the vision, purpose, and terms of the DAO's membership. To show their commitment to the DAO, as well as assure subsequent Ethereum or DAI contributions these Certain Individuals promised to lock up their contributions for six (6) years, along with other material promises which were relied upon to establish the authenticity and trustworthiness of the project.

Over the past couple of months, these Certain Individuals have acted contrary to their original promises, making several demands in bad faith to the Authorized Member, tankbottoms.eth, including ordering that the Authorized Members and the DAO renege on payouts it had promised to contributors and the prior Service Provider, immediately cease all operations, invalidate any voting escrow agreements in order to enable Certain Individuals payouts from the Movement treasury. Doing so not only goes against the original terms to which they authored and subsequently agreed to but exposes the Authorized Members and the entire community to potential legal action by being out of compliance with

U.S. Securities and Employment and Labor laws and open to civil litigation. It would also severely harm the continued development and launch of the DAO's applications and services. In addition, the Certain Individuals began to make disingenuous claims against the Authorized Member.

In response to these spurious allegations, the Authorized Members believed it was in the best interest of the DAO to take immediate action to protect the DAO. These actions included terminating Certain Individuals governance rights and Movement membership, updating Movement's Snapshot Spaces to reflect the removal of the Certain Individuals' governance rights, rotating the Gnosis treasury's signing keys, submission of additional governance proposals related to this matter that sought community ratification, and fulfilling MIP-0004's prior approval of providing the Authorized Members with indemnification funds in advance of any potential litigation. Further details of these actions are included in the Authorized Member meeting minutes, which encapsulates the formal meeting the Authorized Members held to discuss this matter and decide how to address the situation.

It is worth noting that the DAO is currently in the process of testing on-chain treasury mechanics with regards to the the treasury applications which all contributors, including the Certain Individuals recently terminated, will be able to redeem against the DAO's treasury. The Authorized Members and the core contributors are working diligently to propose to the community specific treasury configurations to address the original agreed voting escrow as well as specific Juicebox Protocol variables (including funding cycle duration, contribution weights, discount rate, reserved rate, redemption rate, ballot redemption rate, distribution limit, and distribution limit currency) as described in the Guiding Principles 2(b), (d)(ii), and (g). Additional information regarding the Juicebox Protocol can be found at <https://info.juicebox.money/user/configuration/> which details the various parameters that can be configured and their effects on the treasury.

These actions were carefully weighed by the Authorized Members (with input from community members, the DAO's counsel, and independent directors ready to serve on an independent committee) and deemed necessary for maintaining the integrity of the community. It is important to understand that these actions were taken only after repeated attempts were made to resolve the aforementioned issues and encouraging the Certain Individuals to adhere to their original promises and claims, or to bring their demands before the broader DAO community, such that the DAO could make an informed decision on how to proceed.

The Authorized Members and core team strongly encourage the DAO community to review the documentation and proposals that have been created in regard to this matter (links below), to voice any concerns or questions they have in Discord, and to actively participate in governance. With that said, there will be a **Discord community call on Thursday February 9, 2023 at 6PM UTC (10AM PST, 12PM CST, 1PM EST)** where the Authorized Members will

be available to address any concerns or questions that community members may have.

Relevant Documents

1. Movement DAO Meeting Minutes from January 31, 2023.
2. Movement DAO Governance Proposals: - MIP-0014: Proposal to Ratify Action to Cycle All Gnosis - MIP-0015: Proposal to Ratify the Termination of Certain Members - MIP-0016: Proposal to the Update to the DAO's Snapshot Strategy
3. Movement DAO Policies: - Guiding Principles - Code of Conduct - Terms of Service - Treasury Terms of Service - GitBook Excerpts