

Let me start by prefixing this open letter by stating, everything below is simply an opinion, it is not legal advice, it is not financial advice, in fact, it is not advice of any kind, on any topic. This is simply a digest of thoughts that are meant to help frame how one could think about the topic of a DAO, Foundation Company, a brand-new industry, navigating unknown unknowns, and a possible vision of what's next.

An Open Letter to ApeCoin DAO,

I am uncharacteristically writing and publishing my thought stream.

I think it is helpful to start with some definitions (I reiterate, this is not any sort of advice).

Organization

: an organization is a body of entities (people, companies or even, computers powered by logic gates and soon AI) that share a particular purpose (e.g., a government is an organization).

Autonomous

: freedom to govern itself or its own affairs. Theoretically every person is autonomous to govern their lives, and every company is autonomous to govern itself (e.g., Apple is autonomous to set its goals to maximize profit for shareholders by creating advanced technology that they sell to people and companies around the world, arguably Apple is pretty successful in their autonomy).

Decentralized

: controlled by several local offices or authorities rather than one single one.

Decentralized Autonomous Organization

("DAO")

: By using the definitions above and applying them to the industry we all love and are working extremely hard to responsibly pioneer, we can define a DAO as a collection of Public Keys that are collectively empowered to make decisions on behalf of itself. A DAO, when setup correctly, is fully decentralized by the fact that no one entity can control the collection of Public / Private Keys, it is autonomous because those collection of Public Keys can make real time decisions (as represented by a majority vote, or any other governing framework) that govern its own affairs and it is an organization because there exists a body of entities that share a common purpose (propelling the ApeCoin DAO to be the cultural leader in the crypto space).

A Foundation Company

: A legal entity that can bridge the new world of DAOs and interface in the real-world legal frameworks that underpin the entire fabric of society. In some cases, and specifically in the ApeCoin DAOs case, this entity must be professionally administered and protected at all costs from known known, known unknown and unknown unknown risks. In the ideal use case, the administration of this entity should not be done by itself but rather create further separation by outsourcing these administrative functions to a competent third party that operates directly from within the jurisdiction that the entity is formed in. Explaining why strategic and executional jurisdictional presence is very important is outside the scope of this letter but feel free to research economic substance, tax law and jurisdictional regulatory laws.

In my view (again not legal advice), the DAO is the binding for the Foundation Company. The Foundation is a legally registered company. Paraphrasing, The Ape Foundation's corporate mission, is to administer a pool of resources that should be deployed for the betterment of the DAO. That is to say, the Ape Foundation exists exclusively to serve the will of the DAO which is collectively expressed via some form of a democratic voting system, in our current case, SnapShot (more on system tooling below).

This separation is extremely important to understand, so I will reiterate it, the DAO is fully decentralized, the DAO is the binding for the Ape Foundation, the DAO has total influence over the resources under the Ape Foundation, the DAO has full autonomy to decide what direction resources should be deployed, the Ape Foundation cannot make resource management decisions without clear instructions from the DAO (currently expressed by a binary vote on SnapShot).

In terms of resources at its disposal, the Ape Foundation is one of the largest in the world, which makes it one of the most important entities that needs to be protected at all costs in the entire ecosystem. The brilliance of the structure of the Ape Foundation is that NO one entity can make arbitrary decisions about resource deployment or management. The Special Council exists to make sure that nothing can get to a vote unless it is properly researched for risk to the Ape Foundation.

The Special Council also has no authority to make any significant resource allocation decisions without going through an AIP. In fact, the Special Council arguably has no authority to steer direction or execute a strategy they believe is correct without first securing approval from the DAO itself. This makes the Special Council unlike any traditional corporate structure board in the world. In my humble opinion, the design of the Special Council, the Foundation, and Administrator is the most amazing innovation in corporate governance I have ever seen, the entire traditional governing power dynamic has been removed and given directly back to the collective.

Reading through all the nominee pitches, I worry that two risks exist.

One, almost everyone believes that getting on the Special Council will give them some sort of authority to make big changes to the Ape Foundation. It is entirely unclear to me why anyone would want to do this, as the Ape Foundation currently serves the DAO, operationalizing the Ape Foundation with direct employees will expose the entity to new risks, including tax obligations, economic substance considerations and new regulatory concerns. Furthermore, it seems that nominees do not realize that any "changes" that they would want to make would require, writing an AIP and getting it passed. I am not sure why they haven't been writing AIPs the entire time, arguably the largest power structure in the DAO is a person's ability to get an AIP passed.

Two, if some enthusiastic nominees succeed and are elected to the Special Council, I worry they may get disenfranchised with the process, they may disengage from participation, lash out on social media or prematurely terminate their commitment to the role. The Special Council exists to protect the Ape Foundation from risk, the DAO must set strategy and direction, which is the entire point of decentralization and AIPs.

Speaking as a member of the community (although a very passive one since I have never voted on any AIP, including this Cartan AIP), I am a little concerned that some nominees do not have the temperament, experience, or corporate governance knowledge to professionally engage the role. Being an "influencer" does not translate into successfully governing an organization that sometimes needs to stay quiet instead of communicating something that could be misinterpreted by an Authority (note the capital A). I suspect, the last couple of paragraphs may be a lightning rod for criticism during an election period.

Insert Cartan Group, of which, [@btang](#) and I are equal shareholders. Brian and I decided to risk our capital three years ago to build a vision. We have taken on no investment so we can remain free from outside influence over how we manage our company and provide value to our clients. We are developing an ESOP so our team can also participate in any success we are able to build. The entire team at Cartan Group (25 strong and growing every month) is entirely focused on our business model, which is to become the most trusted DAO administrator in the world.

Foundation administration is an entirely new business model that we pioneered. For the past three years, we have been very fortunate to work with some of the brightest minds across the industry. It is an extremely humbling experience when we get to engage with so many passionate experts around the world. We take the huge responsibility of administering a Foundation Company extremely seriously. We take DAO governance extremely seriously. We believe that making us go through the same vote as everyone makes everything completely fair and designed it to be this way.

In the case of the Ape Foundation, more often than not, these responsibilities require us to remain silent even in the face of overwhelming pressure to say something publicly. It is an entirely difficult position to be in. The novel and nuanced concepts present in a DAO are entirely new to the world, and the path is filled with unknown unknowns. We work tirelessly to navigate these waters.

Of course, we are a company powered by people just like you. Passionate, intelligent, ambitious, optimistic people who are filled with idealism and work tirelessly to try and make the dream of a functional DAO a true reality. We make some mistakes; we learn from them and iterate. We write policies to build knowledge. We continually hire the smartest people we can to join this journey. There is nothing in the world that we would rather do with our time and since we have no external investors, we can allocate our resources to maximize our impact in an industry with the hope that it will translate into bigger wins in the future.

Which is what we have done with the Ape Foundation and the ApeCoin DAO. We originally said we would do some (paraphrasing) project management, discourse management and risk analysis (all very open-ended terms) but very quickly realized that we are the entire Ape Foundation. So, we dove head in, allocated as many resources as needed at any given point in time. This, of course eroded our profit margins but ultimately, we were committed to inventing the best way to administer, iterate, and operate an entire community. We started hiring people directly from the community because we wanted to make sure we had all perspectives in house as we grappled with ever evolving scenarios that were playing out in real time.

It is impossible to quantify some simplified checkbox matrix about what we said we would do and what we do, because since the Ape Foundations launch, we have done everything. Anything that happens in the Ape Foundation world passes our inbox at some point in time, registering trademarks around the world, IP registration, trademark disputes from different regions, coordinate the Special Council every week, building an election framework, engineering a token gate for Discourse, dispute resolution, KYC, protecting the entity from commingled custodians, helping people work on an AIP, encouraging people to pursue a role, showing people how a distributed newsletter could work, traveling to different IRL events to meet with the community and of course, there are things that we cannot discuss (unknown unknowns).

As I read the comments section of our AIP, I see people talking about working groups, a new Special Council, we must wait for some other event to happen before the DAO can decide what to do about Cartan. The only constant in the Ape Foundations world is Cartan Group. While I am excited to see what the new Special Council brings to the table it must be recognized that this evolution brings new risks and consideration. What happens if the election simply turns into a popularity contest and it's not the best and brightest minds that join the council? At any point in time, any community member can write an AIP to form a working group, to form a sub-DAO, to ask for funding for a new tool, why is everyone always waiting for someone else to write these proposals. Why does an individual need to get elected to the Council to start writing these proposals? I can take a guess and say it is an incentive thing, without an incentive structure people will only participate in

the speculation and voting mechanics, which is completely fair.

Cartan has written over 10 AIPs, we put out ideas and actively encourage other people to take them over, we engage at every level, we are the risk prevention strategy and while we will have some new Council members, there is no guarantee they will be any good (hope for the best but plan for the worst).

So, what's next, why are we asking for more capital? Let me start with a controversial statement, US\$250,000 per month + APE\$20,000, is not that much money. Think of the companies you work for, think of any budget conversation you have been a part of, think of any project that you have worked on and then think of the over runs, think of how much capital Google dedicates to building a tiny new feature in their search engine algorithm, the meetings, planning, approvals, engineering, marketing, legal.

I suspect the first principals' question about the increased budget is not, why does the DAO need this, but rather, in an industry full of fck!ng scammers and SBF completely scr3wing everyone, how do we know we can trust Cartan to deliver for the DAO and not just lining their pockets. That is a question I can address to the best of my ability, but no matter what I say, some level of trust needs to be established and we hope that our actions over the last nine months have provided some base level of commitment that we can continue building on top of.

Let me first start with the constant threat of being kicked out of the DAO. I have read some members would be more comfortable with a small extension so they can decide after three months. I would flip that a bit and say, there is always the ability for anyone to present an AIP removing Cartan Group after the three-month conflict period ends, including the new Special Council members. This basically means, that we only really have three months anyway before the DAO can decide to remove us. This is the case for any AIP, for example, the DAO could decide to stop funding the Staking contract and we would no longer send monthly top ups to it. Or the DAO could remove their approved Marketplace because they no longer think it is providing the value the DAO thought it would (I am not saying this, just pointing out an example and I apologize to the amazing team that manages that marketplace for using them as an example), this is also why we did not give the domain away to anyone.

If you look at our career website, you can see we have several open roles, most of them are dedicated to the Ape Foundation. In managing any business, you understand the need for an ever-expanding resource pool to provide support for an expanding service. In the Ape Foundation case, as the number of AIPs increase, they require more service levels. Another way to say this is, as the organization continues to grow, it requires more support. To fill those roles, we will be hiring directly from the DAO community, which will also help us provide more transparency directly back to the DAO. If we are directly hiring the community, the community will hold themselves and us accountable for continuing to provide more value. Our view is that we and the community are one in the same, so let's grow together.

We also need to start allocating resources to developing better tooling for the DAO. In all honesty, I hate the tools we have available. Twitter is kind of toxic, Discord is horrible, Discourse is clunky, SnapShot needs to be both onchain and offchain depending on the voting type, desktops are horrible so we desperately need to go mobile. There are too many environments, and they need to be consolidated into a simple (all simple things are extremely complex in engineering) DAO mobile app. We are not going to propose to engineer this app ourselves, we are going to write a series of AIPs to get DAO buy in and run the development like the Linux Foundation builds the Linux kernel. Arguably, this would be maximum decentralization with a real time audience ready to use the product. Queue TokenProof, queue XMTP, queue Snag, queue X Marketplace, queue SnapShot to add different feature sets.

We also need to start considering building ApeChain, so we would like to propose an AIP that simply explores this concept with anyone interested in participating. This is NOT to say we think it is a good or bad idea, it is simply something that should be properly explored with other industry experts and presented for a decision by the DAO. Again, I would consider this maximum decentralization.

Finally, we also have a draft AIP for potentially establishing a new entity called ApeCoin Capital. I can't get into too many details on this and honestly, I am not in love with this idea but the community keeps pressing us on this concept (I'm sure you can figure out the concept by reading the name) and so we have taken the initiative to try to figure it out. I am not sure the structure will work for most people but that is not up to Cartan to decide it is up to the DAO.

I hope this explanation helps to explain what's next and why the DAO can continue to trust Cartan as the stable, risk adverse and responsible entity to continue administering the Ape Foundation.

In my view, the reason there is so much passion in the ApeCoin DAO is because it is the largest, most authentic, accessible, non-commercial, people driven entity ever created in history. We are all tired of the promises by big corporate about how their stupid products or services are going to change our lives, or how we are the product in their huge social media, data crunching algorithm so they can advertise at us. We are all a bit suspicious of each other (rightfully so!) and the events of the last couple of months has only scared all of us even more.

At the end of the day, I believe, we are all searching for an authentic experience that is bigger than ourselves, bigger than any one individual and cares about the journey and the destination. We all want to collectively build the biggest, coolest, culturally significant, innovative, societal changing, community reforming, global network state! We need to come at this from a baseline of trust but verify.

So, let's fck!ng do it, together!

bc.