

diffusetap
Virtual Event Series

Scaling a DAO

Guest Speakers:



Jeremy Lim
Founding Monke
MonkeDAO



Nom
Chief Intern
MonkeDAO

Hosts:



Kenny Estes
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DiffuseTap: Scaling a DAO

Last time on DiffuseTap, Jeremy Lim and Nom of MonkeDAO talked to us about the inner workings of a decentralized autonomous organization, the legal structure of a DAO, and how DAO shareholders are managed and compensated.

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DiffuseTap

This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas)... straight from your armchair like a boss.

Meet the Speakers



JEREMY is the Founder of MonkeDAO, Solana's first community-owned and operated NFT DAO. MonkeDAO is a premier community in the Web3 space, helping shape the future of social organizations in a decentralized and permission-less world.

LinkedIn: [@jeremylhs](#)



NOM is a software developer, robotics engineer, and NFT enthusiast who is a Chief Intern at MonkeDAO. In addition to MonkeDAO, Nom is a Co-Founder of the Web3 networking platform [Mintus](#), and advisor of [OnlyDice.io](#), a simple revenue generating program on Solana.

Twitter: [@theonlynom](#)

About Diffuse

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KENNY ESTES: Now, the reason why you are all here is to hear from Jeremy and Nom. So Jeremy, do you want to start by introducing yourself, and what you're up to over at MonkeDAO?

JEREMY LIM: Sounds good. Good to be here. Thanks again to the entire Diffuse team for extending the invite to Nom and myself. Very excited to be here. A little bit about my professional background. Before I got into this very deep rabbit hole, I used to be part of an early stage venture capital fund as well, doing seed stage investments, including pre-seed and Series A, in the digital media entertainment space.

Some of the portfolio companies in that fund were RTEKT, which was recently acquired by Nike. We also had Loom.AI, which was acquired by Roblox, and Theta Network. During my stint with that venture capital fund, I was exposed to crypto. I remember that I was going through the finances, just doing regular routine checks, and I realized that there's a bunch of tokens that were given to us. And somehow, over time, the value of these tokens just jumped like crazy, and I was wondering what was going on behind the scenes. That's when I started doing a deep dive in them, and due diligence.

Eventually, I found that these guys are in the NFT and crypto space, and I started digging into it. I bought a lot of BSC NFTs. And for individuals in the room who are already dabbling with NFTs, if you have somehow touched BSC NFTs, you will know that nothing can be worse than that. And so, I was ready to venture into new areas. That's where I started to dabble in Solana NFTs, and started minting monkey NFTs on Solana. The rest is pretty much history. We started MonkeDAO after the Solana Monkey Business collection was launched. We are an independent community owned and operated NFT DAO on Solana.

KENNY: Awesome, that's a great background. I love where you guys are now. Nom, do you want to give a little bit of your background and how you ended up pairing up with Jeremy?

NOM: Absolutely. Thank you for having me. I am a former software developer, focusing on human computer interaction, specifically on robotic process automation. I wanted to make tasks that were a pain in the butt and that people had to do hundreds and thousands of times a day as automated and as "out of sight, out of mind" as possible. What this really led me into was the development of smart contracts on Solidity and a couple of other platforms through Ethereum, which is where I ended up finding Solana, as a Rust-based developer.

From there, I got involved in the NFT space. I've been a gamer at relatively high levels for the past 15 years, so NFTs were almost a natural progression of that community, where I was getting involved and tipped off on the SMB. And then, Jeremy and I were constructing over the counter trades in a Discord channel. We hit it off in conversation, and have been annoying each other for about 16 hours a day ever since.

AYLA KREMB: Beautiful. Thanks so much for hopping on and sharing your knowledge. Also, shout out to Singapore because Jeremy's from Singapore, and I lived there for 11 years. So it's nice to



have someone from our country on the line today. We'll hop into the first question. What is a DAO? And why would I need one to start one? Maybe we'll kick it off with Norm. Do you want to give us a little review on that?

NOM: Absolutely. A DAO is a decentralized autonomous organization. In colloquial terms, it's essentially a group where there is no founding leadership or structure in the decisions for what a DAO does, and the collective membership that makes it up. You've probably experienced similar organizations to what a DAO is, in theory. This is just a different classification for what it is.

Traditionally, it's used in a financial model as a way to generate yield or revenue, and make decisions on where investments go. You've probably seen something like MakerDAO and Ethereum, for example, as well as The DAO, which was a terrible name. It was one of the first wildly popular, DAO-based organizations that existed and really brought this concept into the forefront.

We operate as an NFT-based DAO, which essentially means that anyone who holds one of the NFTs out of the Solana or Monkey Business collection is able to interact with a vote and decide where we, as an organization, choose to pursue anything, from art development and assets for our branding, all the way to partnerships and potential investment opportunities, like what we're doing in our own syndicate called Monkey Ventures.

KENNY: Great. Jeremy, do you want to add anything to that?

JEREMY: I would love to. I'm very passionate about DAOs. I could go on and on for a long time just on the topic of DAOs. But I think that the crux of it is that DAOs, to us, is just a natural progression of social organizations. I don't think it is anything that is new at all, concept wise. But perhaps it is finally now the right time where we have the right technology that allows us to organize individuals in a decentralized format, whereby anyone and everyone, no matter where you are based in, has a way where we can get together in a decentralized manner, and do cool things.

If you look at it in conventional settings, we used to have interest clubs, which are similar to what DAOs essentially stand for. It's how humans naturally congregate. If you understand the human motivation, and how humans generally tend to congregate around individuals who share common interests, they are pretty much similar.

The way we are approaching this is that we want to help shape web3, and what the definition of web3 exactly should be, by being at the forefront of the entire social revolution with MonkeDAO itself, building the web3 version of a conglomerate. We have parent companies and subsidiaries in web2, and in web3, we could think of those in a similar manner. There can be a main DAO, and then there could be sub DAOs as well, like what we're doing today with MonkeDAO as the parent company equivalent or the main DAO, and Monkey Ventures as the sub DAO. This is the way we are shaping the vision that we have for web3, as far as for the MonkeDAO community.



KENNY: That makes sense. Back to you, Nom. Jeremy talked a lot about the pseudo parent organization, parent company, whatever the case may be. So the question for you, Nom, is what is the actual legal structure here? How does this interact with the real world? Is there a C-Corp in the mix? When you're doing these partnerships, who are the counterparties? Does it exclusively have to be in smart contracts? What are some of the brass tacks considerations of how you actually operate?

NOM: Yeah, the two conventional things that most people probably have experience with is that in the U.S. base, there's the Wyoming DAO-based legal structure, where you are able to register a DAO as a full 501(c) based company. And then, there's also a setup that is starting to become more popular in Switzerland, where essentially you become a fully registered LLC that can operate multinationally.

What we've ended up using for ourselves in MonkeDAO is we've created a two-stage company foundational structure through the Cayman Islands and Panama. We're working with a company that controls all of the assets, and controls the branding and legal structure for MonkeDAO. And then, we have all of our members as shareholders inside of a subsidiary company that is making the decisions on a day-to-day basis.

How this interacts with the real world is, as we combine a bunch of people into one central corporation and company, it just makes sense for us to be legally compliant so that we could do things as simple as pay for events or merchandise, be able to give people receipts for GST, and anything around that. And it also makes sense for us to be able to work through the paycheck HR, and traditional infrastructure of things that people need as our future contributors through the DAO.

KENNY: Jeremy, I'd love your thoughts on that as well. And as a related question, one could argue that a DAO is just reinventing shareholders. At the end of the day, you have people that own shares, and they vote on what happens, and the management is separate. So, in addition to expanding on legal structure, I'd love to learn a little bit more about that angle, and if you buy that argument or think it's fundamentally different.

JEREMY: First off, the disclaimer here is that whatever we at MonkeDAO are adopting, there is no guarantee or certainty that this is still going to be the case for the foreseeable future, because things move so quickly in this space. We are operating in a space where there are not many case studies that we could actually refer to, or cite as examples. Even if we look at some of the more prominent DAOs, most of them are pretty much token-gated DAOs. I think DAOs in general can be classified in various ways based on how they are organized.

They can either be done through token gating to token ownership, or in this case NFTs as well, which is also a token, but it's a different gating mechanism. The way we're looking at it, and the way we are trying to shape it towards is essentially, one monkey is equal to one share of a typical company. You could think



of it in that manner. But, of course, when we are looking at NFT collections, there are also complexities revolving around things like rarity, traits, etc.

I think there's a case where we could potentially leave things like that behind and just make it more about collector's traits, where collectors who are more passionate can just be after the different traits, different varieties, and whatnot. But ideally, the way that we want to organize ourselves is that if you own one monkey, that's equivalent to one out of 5,000 shares in the MonkeDAO setting.

AYLA: Interesting. I'll hop on to one of the questions that someone in the chat mentioned, which ties back to something that Nom said when it comes to payroll and paying people for the work that they're doing.

There might be "shareholders" in the DAO who are performing work that you would want to pay for. So, how does that work? How are people that are contributing to the DAO compensated? Are they mainly compensated in NFTs and tokens, or do you also have a standard payroll? How does this whole thing work from a logistical, team management HR perspective?

JEREMY: I'm sure Nom has quite a bit to share on this aspect. To be completely transparent, the way that MonkeDAO is run today is entirely voluntary. It has been voluntary since day zero. Today, even after seven months of going at it, the structure of MonkeDAO is essentially we have a larger DAO, then there's a 16 board council setup. These 16 board members actually go through periodic election cycles. In this case, we started with a three month cycle, and are now transitioning towards a three to six months hybrid model, where it's a mix of both three months and six months for candidates who choose to run.

I think what we are actually trying to model towards is compensation according to the level of contribution. Of course, we have the larger DAO community. But to be honest, I think at this stage, it is impossible to achieve that full level of decentralization. The way we are approaching the decentralized autonomous organization realm is we try to be progressive with it, making decisions at the right stage, at the right time.

The way we see it right now is, the 16 board members we have are individuals who have stepped up and volunteered their time, and who are passionate about really being at the forefront of shaping everything. And of course, we can actually go about by further segmenting the different duties and roles, for instance, like partnerships, marketing, governance, and many others.

The way we are doing it right now is, we split it out into different verticals. Different board members have to oversee the different verticals. And then, we also have the committee members. The beauty of it all is that even if you're not part of the board, anyone in the committee as a member should be able to contribute, if they actually want to. They need to be empowered, and they need to have the ability to do so. And with that itself, I think the compensation tier is then rewarded based on the level of contribution.



Right now, we're doing some early trial and testing on that hearing system we talked about, at least from the sub DAO level. We are also internally exploring fundraising conversations to see how we can take the entire DAO operation in a more sustainable manner. That's where we will start dispersing these payouts and compensation to individuals on the larger DAO level in a more active manner.

AYLA: Nom, do you want to hop in there as well and share your thoughts on the subject matter? How do you compensate the team? I know everybody's a volunteer, but how do you think about HR and payroll, and formalizing structure to make it more sustainable in the long run?

NOM: Yeah. In order to maintain the top talent, one of your highest needs as an organization needs to be paying people for their time. While me and Jeremy are content to work for free, because this is more of a passion project that we really, really enjoy, that's not necessarily sustainable or scalable up to what we're envisioning, which is a 5,000 people membership.

So, what we're working through is essentially a combination of grants and bounties that we have available for our membership if they want to take one-off projects, rather than committing to full time. That's because we know people have their time requirements. Sometimes maybe they only have an hour a week, or two or 10 hours at one specific time, rather than consistently.

The other side of that is that we have a full setup of payrolls for everyone from project leaders to contributors that will be paid through a token that we are going to be issuing. We have our own incoming sub businesses and revenue streams right now that are paying for the database infrastructure, and that are paying for what we have as current obligations.

However, we believe that we can do a better job of organizing that if it's in an initial currency that we control as investors, and then build incentives for that currency to increase value throughout the sub businesses that we're working on. Long story short, we're going to be paying people for past and future contributions through a token that we're going to be issuing.

KENNY: That's great. Switching topics a bit, I'm going to pick up a thread from the chat and I'll keep this on you, Nom, because you answered the question. So, you're voting on how things go. The question in the chat was, what's to keep you from voting to turn the business into money laundering, which is something very illegal. And your comment was that you need a supermajority. That's fair, but the corollary of that is it can still happen. What does the regulatory body look like in this space, if you do that? Who comes after you? Is there any other mechanism to keep things from going off the rails like that?



NOM: If we, as an organization, made the decision to go into large scale money laundering, — which is easy to laugh about but could absolutely be something that the membership of a DAO-based organization decides — we handle that through a code of conduct and code of ethics that is clearly set out. It details what are acceptable proposals, and what are not acceptable proposals. These were voted on by the DAO memberships initially, and can be amended at any time.

Obviously, I'm not going to be able to provide legal advice for every single law and every single district. But for our current implementation, we've set it up so that if we were going to participate in something that could be deemed as illegal in a broad multinational sense, those proposals could not be passed by DAO membership, just because we are choosing not to engage in illegal activities.

That doesn't mean that they can't change the code of conduct and then change the code of ethics to say we are able to participate in illegal enterprises. But I think we would have a series of stages that would catch up before that, in terms of how the DAO could be punished, for example, for participating in illegal activities if regulatory guidance immediately changes, or something comes out of the woodwork.

Membership is not currently liable for anything the DAO does. So, while the members have some financial stake in the organization of the DAO, the broad foundational structure that we have would be the first thing that would be under regulatory oversight. Again, I apologize if I'm misspeaking on any of this. I'm not a lawyer. I'm just trying to do my best explanation on this.

We've actually partnered with outside legal counsel for a lot of how we've done our database structuring, as well as how we set up our initial corporate oversight. Two of our board members are currently practicing lawyers as well. They provide general oversight to members. It's not to the point where people are just blindly submitting proposals in the expectation that they will be passed.

Usually, it's much more of an RC-based process where we are able to essentially comment and ensure that these follow all of the guidelines that are now set up. It's not necessarily a perfect process. We are still dealing with people at the end of the day, but we are doing it in a way that our membership would never be legally liable for anything that the DAO decided to do.



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Dennis Chookaszian

Corporate Director, CME Group

DiffuseTap: Institutional Grade
Governance

Sharing his decades-long expertise on corporate governance, Dennis talked about how to avoid a co-partnership going sour, the problem with overly idealistic CEOs, and the importance of keeping your board in check. [Read on](#)



Susan Brazer

CEO & Founder, LionShare Media

DiffuseTap: Media Metaverse
2022

Susan described the 2020 digital media landscape; the evolution of media distribution; how converging, emerging technology points to the metaverse; and the prospect of having an open, decentralized, and free Web 3.0 marketplace. [Read on](#)



Raj Mukherjee J.D.

VP/Global Head of Tax, Binance.US

DiffuseTap: Crypto Taxes
Decoded with Binance.US

Raj explained the complexities of the US crypto tax landscape, how he built a dynamic tax information system for [Coinbase](#) and [Binance](#) from scratch, and how investors can profit from crypto without getting caught in a taxation mess. [Read on](#)

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