

## **Aragon Open Letter**

On Tuesday, May 2nd, I, as a representative of Arca, and other tokenholders were banned from the Aragon Discord. This was reported on by <u>CoinDesk</u> the Aragon Association published its own <u>response</u>. The ban stemmed from tokenholders asking questions regarding the treasury transfer from the Aragon Association to the Aragon DAO.

For those who need some context or a refresher, below provides a timeline of activities:

- April 2022: initial proposal submitted to allow tokenholders to directly oversee the treasury
- June 17, 2022: The proposal <u>passed</u> via a governance vote on June 17th, 2022.
- November 2022: Original date for the treasury transition
- February 2023: Pushed date for transition
- May 2, 2023: First transaction of the treasury funds transition and coincidentally, the same day everyone was banned.

Given that the first transaction of treasury funds transition happened four months behind schedule, it is unclear why the Aragon team didn't expect questions. Based on past governance votes, and expectations set thereafter, it was (and is) within every ANT tokenholder's right to ask questions regarding the lack of follow-through. In fact, the Aragon Association letter explicitly states: "Wallet addresses holding ANT can always wrap ANT and participate in Aragon DAO governance by putting forth proposals, voting, and executing transactions." That is what was done in 2022 by token holders and other community members including the team, and these voted-on agreements have been ignored to date. Additionally, bans also took place on the Aragon governance forum hindering token holder's ability to participate in governance.

The Aragon Association's response mentioned above is also full of inaccuracies and half-truths.

"The group had joined the server less than 45 days earlier (for context, the server has been in operation for over 5 years)" - Arca is a tokenholder in ANT and subsequently, I have been on Aragon's discord server since 2022 and asked multiple questions in regards to the treasury transfer in that time. Also, I believe it should not matter when a tokenholder becomes a tokenholder, what's most important is the continuously missed deadlines that should be questioned by the community.

"We concluded these users were not community members" - any tokenholder should be considered a community member, especially those engaging with the team. There is no doubt that community management and governance are hard, but selectively removing the voices of the few tokenholders who want to engage strikes me as a massive step in the wrong direction.

As a DAO focused on creating DAO tooling, we find these bans, failure to empower the community with treasury transfers, and overall lack of transparency to be frustrating and against the ethos of both what DAOs are meant to be and what Aragon team members have repeatedly said they stood for. However, these actions have become a common pattern for Aragon. We would not be surprised if <u>similar transparency issues</u> led to members of the team <u>resigning</u> in 2021.

Now that ANT is trading at a large discount to the <u>treasury</u> value, we believe that it is necessary to allow tokenholders to find creative solutions to return value to the token while simultaneously allowing Aragon to continue building important DAO public goods. However, this cannot begin until the treasury transfer is further along.



Due to the Aragon's ongoing issues, Arca believes that it is in the best interest of the community to advocate for change. Our goal has always been to be stewards to capital and make sure that all stakeholders are aligned. Therefore, we are planning to work with other tokenholders to propose that Aragon continue the buybacks to return ANT to book value, and were not planning on advocating for a dissolution. The Aragon Association letter also specifically states: "...equally critical to reinforce that the Aragon Network Token (ANT) is not an investment token. It is a utility token intended to have full control over the governance of onchain products and protocols built by Aragon. The intention for ANT was always to have utility in the technology we build, by giving ANT Holders permissionless, trustless, and censorship-resistant control over public infrastructure serving the Ethereum ecosystem and society at large." While this is an ambitious and noble goal, in order to unlock future utility and governance value, there must be recognition of the financial value or risk dissolution. A buyback is the best course of action to achieve everyone's goals and provide all forms of value.

We will continue to pursue our buyback proposal, advocate for increased transparency, and seek resolution for the treasury transfer. We hope to do this constructively by working with the Aragon team to find solutions. We will follow up on this letter with further posts on the governance forum.

If tokenholders or previous and current employees are interested in discussing further, feel free to DM me on Twitter at @Crypto\_Alex17.

Alex Woodard, Research Analyst

## **Disclosure:**

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