

Noundles Governance Proposal

1/8/2022

Background:

Over the course of December, there were growing requests from the Noundles community to reassess project leadership. On 12/23/2021, Noundles co-founder *Avenge* posted an announcement in the [Noundles Discord](#) acknowledging that the founding team had made several key missteps that caused the project to underperform. In this announcement, *Avenge* stated that it is important to give the community a voice to help change the direction of this project and that he would honor the request of a community vote via [snapshot.org](#) to change the leadership & direction of the project.

This vote had three key elements:

1. Replacing *David* (his cofounder) as engineering leader and relinquishing all of his ownership and future royalties (96.77% approval of those responding)
2. Replacing *Avenge* as project leader and relinquishing all of his ownership and future royalties (95.68% approval of those responding)
3. Keeping *Avenge* involved with the project as an artist (86.12% approval of those responding)

David and *Avenge* have stated publicly and privately that they would respect the outcome of this vote. On 12/29/2021, *Avenge* posted a second announcement that he and *David* would transition leadership in accordance with the community vote, exiting project leadership.

Next Steps:

The community is eager to help carry the project forward but will require direct authority to act on behalf of all members, as well as a structure to govern itself and the use of funds.

This document outlines the proposed governance of the existing *community wallet* (219.91 ETH in a [Gnosis Safe](#)) and current/future Noundles income from mints and royalties. It will become effective with unanimous approval from *David* and *Avenge*, the founders who are relinquishing their rights, via a signed message from their wallets that acknowledges:

- They are the sole owners of this project
- They agree to the governance proposal outlined below that gives full ownership to the project going forward to the Noundles community

Their wallets, which have been identified by their project activity (and confirmed by *David* and *Avenge* via *Discord* DM), are as follows:

- *Avenge*: 0x221695Df68dB64A946be1d895F473a05DA7A399a
- *David*: 0xe776A8037577ecE91F0Be93A0E27c05718c52d60

Governance Proposal:

1. Noundles is an NFT project. It has two primary collections today: [Noundles](#) (also referred to as *Genesis Noundles*) and [Noundles Game](#) (also referred to as *Companions* or *Evil Noundles*). There is a third collection called [Noundles Theory - Legacy](#) (also referred to as *Noundles Theory*) that is the result of the first attempt to create *Noundles Game*.
2. Noundles generates income on new mints and secondary sales on OpenSea. That income is placed into two wallets:
 - a. A *community wallet* (for the purpose of providing benefits to the community) and
 - b. A *project wallet* (for the purpose of paying project expenses)
3. The division of income between these wallets was established by the project founders at the outset of the project as follows:
 - Royalties
 - i. 75% of royalties are deposited in the *community wallet* and
 - ii. 25% of royalties are placed in the *project wallet*
 - Mint Proceeds
 - i. 15% of mint proceeds are deposited in the *community wallet* and
 - ii. 85% of mint proceeds are placed in the *project wallet*
4. The proposed use of funds includes but not limited to the following purposes of advancing the project:
 - a. Community funds will be used to provide benefits to the community and might, for example, be used to fund a liquidity pool for converting the project's token (*\$Rainbows*) to *Ethereum*, or on items that holders could acquire using *\$Rainbows*
 - b. Project funds will be used to pay for project expenses and might, for example, be spent on website hosting costs, or on employees/contractors to help evolve the product or its positioning in the marketplace
5. As currently constituted, the *community wallet* has five signers: *David*, *Avenge*, *WKM*, *Elton Penguin* and *Futurebooks*. The *project wallet* has no signers, but is held by *WKM*. It is proposed that each wallet will have five signers who decide how these funds will be spent by a simple majority vote of all wallet signers.
 - a. Five new members will be selected for the *community wallet* to replace *David*, *Avenge*, *WKM*, *Elton Penguin* and *Futurebooks*. New signers will be nominated by the Community Moderator (*Cappy*) and approved by the founders (*David* and *Avenge*). Upon completion, *David*, *Avenge*, *WKM*, *Elton Penguin* and *Futurebooks* will be removed from the wallet.
 - b. Five members will be selected for the *project wallet*. These signers will make and keep the project budget. They will be nominated by *Futurebooks* and approved by *David* and *Avenge*.
 - i. Since the *project wallet* owns the smart contracts, at least one of the signers needs to know how to interact with the blockchain to perform contract admin work, such as changing the price of newly minted *Companions* or updating the URL with the token metadata
 - c. The *community* and *project wallets* will have as little overlap in signers as possible to preserve a separation of powers.
 - d. The signers recommended by *Cappy* for the *community wallet* are as follows:
 - i. Cappy
 - ii. J9 | JPegMadLad.Eth
 - iii. Cobojo11
 - iv. heliumUSA (🌈, 🌈)
 - v. Dr Carlene- Noundle Shrink
 - e. The signers recommended by *Futurebooks* for the *project wallet* are as follows:
 - i. WKM

- ii. RobbieTay
 - iii. PigeonHustle
 - iv. LostLocal
 - v. without
- f. For impartiality, no members who may directly benefit from these funds can authorize the use of funds to their benefit in either wallet.
- i. Should a one-time conflict of interest arise, the conflicted signer must recuse herself from the vote in question
 - ii. Should a prolonged conflict of interest arise, the conflicted signer must recuse herself from the multisig authority as soon as a suitable replacement can be selected (as defined in #8), and refrain from voting on proposals that present a conflict of interest until this is completed
- g. Use of funds is at the sole discretion of the wallet multisig signers

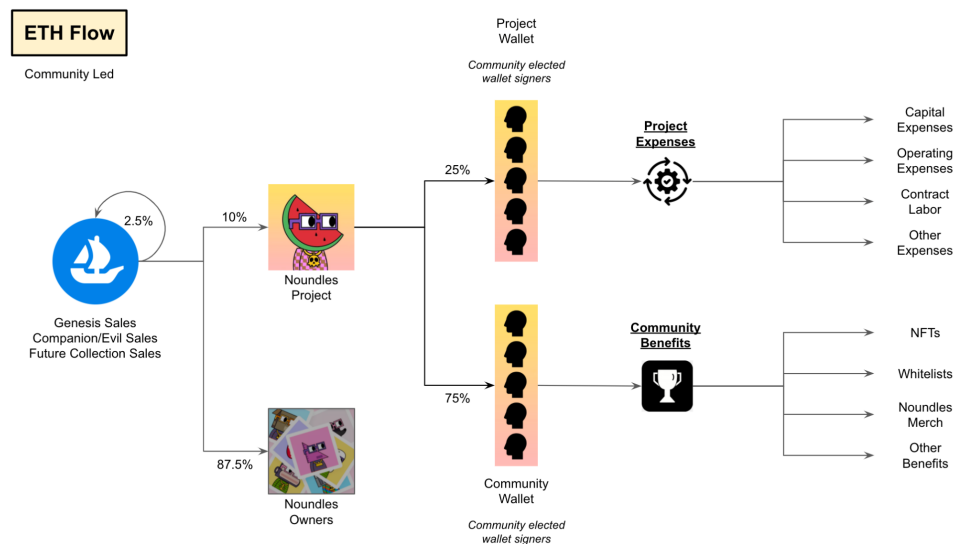


Illustration of project governance

6. If the community wishes to change one or more of the wallet multisig signers, they may post a proposal in the #community-vote *Discord* channel (a new channel which will be open only to verified *Noundles* holders of any collection). If that proposal gets at least 100 thumbs-up emojis a community vote will be initiated via the community voting process:
- a. The vote shall be announced in *Discord* and on *Twitter* at least one week before the vote begins
 - b. The vote shall be conducted on a decentralized voting system like snapshot.org with each *Genesis Noundle* counting for one vote. *Companions* and *Evil Noundles* do not get a vote.
 - c. The vote shall be open for at least 3 days
 - d. At least 20% of possible *Genesis Noundles* votes need to participate in the vote; at least 66.7% of those votes must agree to the measure for it to pass
7. To the extent that the *project wallet* is used for:
- a. *Employees*, a clear job description must be written and published in *Discord* and on *Twitter* describing the required qualifications and responsibilities for the employee

- b. *Independent contractors*, the wallet signers must produce a Statement of Work (SOW) outlining the guidelines and expectations of the engagement, signed by a simple majority of all wallet holders. Independent contractors may be individuals, LLCs or other company entity types.
8. Any changes to project governance (for example, changing wallet signers or the number of signers on a wallet, establishing an LLC or converting to a DAO, etc.) must be put to a community vote, as outlined in #6.
9. Should the community wish to change the division of income defined in #3, the community shall follow the process outlined in #6.
10. Effective January 9, 2022, any new projects created by Noundles will be subject to this governance.