

Summary

On **November 2**, the **Aragon Association (AA)** unilaterally shutdown the ANT token, the **governance** token of Aragon, without a vote. They have given a redemption offer of ~95% of BV, keeping \$11M for “obligations” **as well as any unclaimed funds after a year**, leaving holders in the cold. With an estimated 25-32% of holders not claiming, they **would be keeping** the remaining \$50M+ for themselves after turning 275,000ETH at the start raised by investors into in this case just 60,000ETH returning to investors.

This proposal is to decide whether or not to start a process to go after the AA's responsible members in order to make sure the money from investors is returned to investors and not taken by the Aragon Team into their new secretive company. This process would be done via a highly conditional grant to Patagon Management LLC, a proprietary trading company based in the American state of Delaware, which has engaged in similar legal action such as the case of Patagon v Wei. Furthermore, the DAO grants Patagon the ability to raise additional funds, subject to the same auditing and conditions, as well as KYC and AML requirements for the funds, in order to continue financing any legal avenues taken.

Purpose

The process this proposal supports would work as follows if approved:

The DAO will grant Patagon Management LLC, a Delaware company whose primary beneficiary owner is Diogenes Casares, 300,000 USDC, to pursue legal action and negotiations with the Aragon team. This will be on behalf of the DAO to ensure a reasonable amount of dead token funds are returned to those that have redeemed pro-rata and not taken away from these former holders. Patagon will have the ability to decide legal strategy and maintain confidentiality in order to protect the legal process, however all financial transactions done by Patagon relating to this case will be shown via public reports (see Auditing and Financials). Furthermore the DAO agrees to relinquish a portion of potential claims as corresponds to future financing, with a cap at 10% of total funds to be returned to ANT redeemers. In the event a proper agreement is reached, any remaining original funds from the DAO will be returned and redistributed to token redeemers pro-rata. In the event additional funds have been raised (see Further Financing) these funds will be returned to those who lent these funds to Patagon.

Auditing and Financials

This 300,000 USDC will be kept in segregated Patagon accounts, with the wallet address (wallet address) and a bank account with Wells Fargo, which is separate from the normal business account of Patagon Management at JPM Chase. Patagon Management will produce bi-monthly reports on spending related to its purpose and

total balances in these accounts. In these reports, Patagon Management will have to explain the nature of each expense, such as legal and due diligence. The reports will be published on twitter and on LinkedIn for public scrutiny. None of these funds, or interest collected on these funds if held in money market accounts, can be spent for anything other than the original purpose of protecting token holder claims. Additionally, they cannot be used to pay any employees or beneficial owners of Patagon Management or its subsidiary Alpenglöw, or any family members of these employees and beneficial owners.

Further Financing

In the event the legal process requires more financing, the DAO agrees that Patagon has the right to garner capital from KYC'd individuals to continue financing this process. This financing will only be used for cases / proceedings in jurisdictions where such financing is allowed, such as the United States, where former New York Supreme Court Justice Eileen Bransten stated "Litigation funding allows lawsuits to be decided on their merits, and not based on which party has deeper pockets or stronger appetite for protracted litigation". All new raises will be included in the auditing process and will be kept in the same segregated accounts. This also includes non-cash contributions in the form of expenses from law firms and other related providers, who can use such expenses in the event cash reserves are depleted and claim the same deal. The individuals who give such cash / commitments will be incentivized as follows:

In the event the case is lost, there will be no financial claim from the litigation financiers.

In the event the case is won, they will be compensated as followed by the DAO

- Their principal will be returned to them
- They shall receive no less than 10% interest on their capital for every year they have invested, starting from the time the investor transfers funds.
- Financiers of the case shall receive 5% of the funds owed to Aragon redeemed token holders pro-rata based on their total cash in + interest due, with a cap on profits at 300%, based on the value of their capital when accounting for interest accrued at time of the settlement, court decision or other liquidity event.

Oversight Committee

In order to maintain proper oversight, individuals from the community will be given access to information relating to the case under an NDA with Patagon Management to not share delicate information about the case publicly. The same rules that apply to who cannot receive payment apply to the Oversight Committee. No one associated with Patagon, its subsidiaries, beneficial owners or family members of any of the people

involved or related to the beneficial owners and employees may stand on the Committee. The Committee is an unpaid position.

This Committee will be made up of a representative from Arca, the crypto personality DCF God, and the anon's Wismerhill, Tedward, CM, Triangular and Yakitori. Should any point 4 or more of the committee have issues, this will be declared to Patagon. Once this is done Patagon will cease any and all related spending until 4 or more agree the issue has been resolved or 4 or more decide for funds to be returned pro rata to redeemers.

Members of the Oversight Committee cannot trade ANT outside of what positions they already have and cannot finance litigation. This is due to the sensitive nature of the information they will be receiving about the lawsuit.

Alongside bi-monthly reports that are publicly available, Patagon Management will provide a more in depth report to members of the Oversight Committee, which will include invoices and contact information to allow for the verification of expenses and their nature.

In the event the Oversight Committee sees something that may be an issue, it can comment publicly should it deem it necessary, and can freeze any additional spending by Patagon. Thus the Oversight Committee serves as a check on Patagon by providing community respected members access to all the relevant information to avoid an abuse of power and misspending.

Risks

- There is the potential that, as with any legal case, this could fail, and the DAO would be left with a \$300k loss.
- There is counterparty risk, as in the event of a black swan event, Patagon may no longer be able to pursue the case, resulting in a net loss to the DAO.
- There is a risk of flight or smart contract risk, in which case the funds held in the redemption contract could disappear and no longer be usable.
- There are potential regulatory and other risks that are so often associated with crypto that could affect this process in unforeseen ways

Proposal Execution

1. The proposal will need to pass by a vote of the Aragon DAO.
2. After the vote passes, funds will be sent to the following ETH address controlled by Patagon Management:

3. Diogenes Casares, the primary beneficial owner of Patagon Management, has publicly confirmed this address as being Patagon's on twitter and linkedin:
 - Twitter Link: <https://twitter.com/DiogenesCasares/status/1721546875738747224>
 - LinkedIn: <https://www.linkedin.com/feed/update/urn:li:activity:7127312782730891265/>
4. At this point, given the nature of the legal process, Patagon Management may begin to pay lawyers using the DAO funds. Patagon has already engaged and advised on the nature of the legal case, and has a rough plan should a legal case be necessary and negotiations not be in good faith.