

Governor DAO Litepaper



December 1st, 2020

Abstract

Decentralized Autonomous Organizations have the potential to represent massively diverse and profitable organizations. This potential is a legitimate disruptor to the traditional framework of businesses and legacy enterprises. However, existing DAOs across the spectrum, primarily due to errors in design and implementation, have predominantly failed to realize this massive potential. From inception, Governor DAO is designed to overcome these obstacles and, in doing so, behave as the quintessential governance model for other DAOs and institutions to emulate.

This cooperation is recognized as the basis to **Governance-as-a-Service**.

GovernorDAO.org

Background

The open-source nature of smart contracts enables trustless interactions between two or more independent parties. These interactions are enforced by code and verified by miners in a manner that protects the trustless, peer-to-peer qualities of said interactions.

This technology is the lifeblood of our new age of information and has only just begun to disrupt the infrastructure of legacy enterprises across a multitude of industries; it is set on a trajectory to create disruptions unquantifiable by any perceivable metrics. Decentralized Finance (*DeFi*) is the most immediate example of the real-world impact of this tech. Automated Market Makers like Uniswap and Balancer allow anyone to create their own decentralized exchange pairing and trade any ERC20 token with minimal barrier to entry. Peer-to-peer lending protocols like Maker, Compound, and Aave are responsible for *billions* of dollars in trustless crypto loans, where depositors consistently earn significant yield at a rate far superior to anything possible under the traditional banking framework.

The 2017 bull run was dominated by (largely overvalued) ventures that sought to apply blockchain technology in new and exciting ways. For the most part, these ventures materialized as either vacuous endeavors or tedious solutions to non-existent problems, creating numerous redundancies within the space. But as much of the excess or “fluff” projects died out, the past year has marked a key shift towards powerful application of this blockchain technology, towards redundant or inefficient industries where smart contracts are immediately applicable for direct impact. Asset exchanges and lending, as mentioned above, are two striking examples. Areas like virtual assets and artwork, insurance, Venture Capital, and data exchange are additionally on the cusp of major transformations.

However, the immutable set-and-forget nature of the smart contract building blocks is at odds with the iterative business models they seek to disrupt. And while it's possible that these contracts can be deployed as perfection on day-zero, reality suggests that these highly experimental projects require some framework for continued maintenance and improvement to be truly sustainable and successful in the long run.

Understanding Decentralized Autonomous Organizations (DAOs)

In order to protect the decentralized, trustless nature of applications and protocols, projects that are intended to be upgradable require some hard coded governance framework. In other words, said projects must hardcode some mechanism of ownership to the participants in the project itself.

In many cases, this is most effectively done by situating the project as a Decentralized Autonomous Organization (DAO). At a high level, a DAO-type project is one that is *entirely* owned and operated by its participants via tokenized ownership. In order to contribute as an owner of the project, individuals must acquire the project's token, which grants them access to voting. In a true DAO, all actions are carried out as the result of a majority approval vote. These votes can reflect modifications or upgrades to the project's underlying smart contracts, mechanisms for revenue sharing, changes to the voting metrics itself, and so on.

When implemented as intended, the DAO framework has radical implications. By connecting ownership and activity as a single-interest participant body, business can be conducted at a level of efficiency not possible under the traditional framework. By automating certain aspects of the business via smart contracts, such as the management and underlying service, marginal costs for said operations reach *zero*. This cannot be replicated by traditional counterparts.

Today's DAO Shortcomings

Unfortunately, the aspirational superiorities of Decentralized Autonomous Organizations have largely failed to manifest to date. There are several recurring themes that DAOs or otherwise community governed protocols tend to experience:

- Apathetic participants
- Poorly designed governance
- Irreversible day-zero blunders

These themes largely play hand-in-hand, and they are seen almost universally throughout the DAO space and more broadly via decentralized governance. Token ownership guarantees participation, but many token holders never intend to participate. Governance rules and frameworks are often designed on the assumption that holders want to participate. As a result, some immediate assumptions baked into the original contract deployments because launch day errors embedded in the protocol can't be reversed.

Maker DAO's recent flash loan voting attacks highlight the problem of apathetic participants, where only a handful of MKR holders cast votes, making outcomes susceptible to swaying in favor of a single larger token holder. Uniswap's inability to lower quorum (due to quorum not being met) is reflective of poorly designed governance. Yearn's capped 30,000 YFI supply, despite widespread support to extend emissions, is a prime example of an irreversible day-zero blunder.

When a DAO is deployed in a proper manner, that does not make it susceptible to the above shortcomings, its superiority against traditional competitors will be irrefutable. Though as of today, that "perfect" DAO has yet to surface.

Governor DAO

Overview

Governor DAO is designed from inception with **three primary objectives** in mind to:

1. **Incentivize and maximize engagement** of all active participants within the Governor ecosystem and attributed projects, partnerships, and networks;
2. Provide **Governance-as-a-Service** and every exhaustible extenuating applicable variant to positively benefit and benevolently service the seamless integration of **GaaS** into the universally underperforming, ever-expanding DAO space; and
3. Strategically pursue and decisively execute consequential **revenue generation** throughout every critical stage of project development and reward all attributing benefactors proportionately to contribution.

It is understood that our success in incentivizing engagement ensures our validity and authority to serve GaaS, and an effectiveness in both of these objectives will naturally lend the desired outcome of revenue generation. Other projects in the space tend to find themselves falling into one of two enigmas: building out governance simply for the sake of building out governance, and sequentially backtracking to implement and deploy governance *after* the creation of the underlying product or service. Our intention to build out Governor *correctly* from inception is a self-fulfilling prophecy. When these perspectives are taken into account and we are positioned to *do it right* out of the gate, our DAO then becomes one that builds a culture of engagement and participation on day one. This in turn enables more effective governance which can be ported as a template to other DAOs.

Incentivized Participation

Perhaps the greatest dilemma DAOs face – almost unilaterally – is a higher barrier to entry for participation. In many cases, the capital required or technical knowhow prices out a majority of the community. In some organizations, huge capital *and* keen technical knowledge are the minimum ticket of entry.

Governor's approach to community governance emphasizes *incentivized participation* that is accessible to all – *ensuring ease of access for all participants*.

Of course, there will ultimately be different levels of participation in Governor: the developer team building out various components of the project, passionate community members drafting proposals and participating in competitions, auxiliary support, in way of marketing, business development, and so on.

Additionally, casual community members are equally emphasized through an engagement program for incentivized microtasks. Long-term this will come as an individual **Governor App** or dApp for your devices to collect micro-data and provide you with direct *Ease of Access* to all **Governor** interfaces, products, and services. Immediately, this looks like a buildout on **Wix**, a lightweight social application, where we can allocate assignments, micro-tasks and quests. Participation in these tasks yields points, which contributes to a level/tier system. Ultimately, these points earned, and levels achieved translate to prizes: **GDAO** tokens, NFTs, platform privileges, and so on.

Wix is a powerful tool for building out an engaged community with tasks as simple as tweeting about the project, inviting friends, participating in the forums, and so on. Beyond that, assignments and quests can be leveraged for data collection: short surveys reflecting market sentiment, background in crypto, trading tendencies, and so on. All data collection is opt-in and

100% voluntary. The data collected from community members will be compiled into data packages/reports that can be sold via **Ocean's Data Marketplace** (and can be additionally leveraged in other capacities).

Ocean has not yet built out a robust library of data sets, which puts Governor DAO in a uniquely desirable position to play an authoritative role in the marketplace. Similar data packages to our project's capabilities are currently priced on Ocean in the range of *thousands of dollars* per purchase. Ultimately, this is the power of leveraging the contributions of the **entire** community: through data collection or otherwise, achieving significant revenue generation through the help of everyone involved which would open up the potential roles of authoritative data aggregators and trusted Data pools. Whereas the integrity of mass data hosts, as of now, is predominately contentious at best. Leveraging an incentivized ecosystem enables long-term growth and maturity for a project, meanwhile providing an avenue through which members may engage in collaborative and meaningful ways -- benefitting the entire community.

Governance-as-a-Service (GaaS)

The aforementioned inherent complications within the infrastructure of DAOs positions Governor DAO as a pioneer in the unfilled niche of **Governance-as-a-Service (GaaS)**.

At the highest level, **GaaS** refers to the process of leveraging our own merits and technology to bootstrap third party projects. Immediately, this materializes in the form of **consulting** - working with new projects to port some of our techniques (*airdrops, LGE, taxed farms, etc.*) so they can position themselves for success at launch.

Additionally, this can evolve and take on the form of an even more comprehensive **Unrug-as-a-Service** package: working with communities that underwent similar exit scams as our own and

helping them to pick up the pieces following the same or similar steps in which **Governor DAO** has taken. Ultimately, **Governance-as-a-Service** is a full-fledged governance bootstrap program: utilizing our own highly engaged community to guarantee fair and active participation into governance of third-party DAOs on launch day. This takes the form of an allocation to the Governor treasury and/or an airdrop to GDAO holders (perhaps filtered by addresses recognized as “active voters”). Initially, the buildout of Governor DAO will prove the enthusiasm of our immediate community that may be desired by other projects. Beyond that, governance tokens accumulated to the treasury by the GDAO farm taxes (YFI, UNI, SNX, and AAVE) serve as a proof-of-concept for the ability to govern other projects. These tokens were chosen as a test group to utilize for voting and proposal creation directly from the Governor treasury, as dictated by GDAO holders. Upon the successful utilization of these tokens as active participants in governance of their respective platforms, Governor DAO shall provide the same service for other platforms as part of the Governance-as-a-Service package.

In addition to the problems facing virtually all DAOs today, there is precedent to suggest a market to remedy those issues. For example, DeFi Money Market (DMM) DAO allocated 3.75M DMG, to DXdao for help with the DMG crowd sale and governance model. This sum of tokens is valued anywhere from \$1M USD at the time of writing and \$5M at historical all-time high. The payment was made on July 2nd to the DXdao treasury, but as of time of writing, roughly five months later, DXdao has failed to build out infrastructure for their voters to interact with the DMG tokens that sit stagnant. This highlights that a major market for GaaS exists, despite a lack of service providers.

Internal Governance

Of course, Governor DAO is not immune to the problems outlined that other DAOs have faced. The governance of Governor will be an iterative deployment, from the initial launch as fully centralized to a near future of totally decentralized, 100% DAO ownership.

Ultimately, the GDAO token holders will have complete ownership of treasury and full control of voting. All capital raised and revenue generated by Governor DAO is allocated in full to the treasury. This directly aligns the incentives of GDAO holders with the overarching emphasis of the project to operate as a revenue-generating organization.

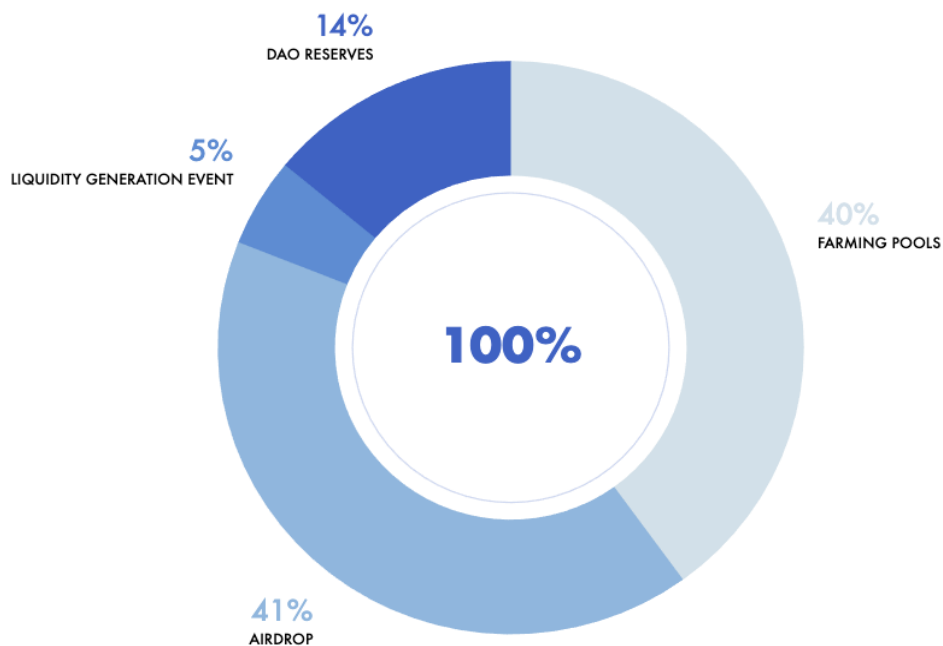
However, total control is unrealistic in the initial stages of the project, where much of the supply remains out of circulation. An additional document wholly focused on governance will outline the steps required to go from “*now to DAO*”, alongside different risks and understandings to make that process as effective and seamless as humanly possible.

GDAO Token

Overview and Token Distribution

The GDAO token grants voting rights in the DAO and ownership of the treasury. There are no limitations to how GDAO holders allocate treasury funds beyond the required consensus. Voting privileges extend through all matters of internal governance. Additionally, GDAO token holders may leverage their tokens as proxy voters on governance issues across any of the third-party governance tokens held by the Governor treasury, including AAVE, SNX, UNI, and YFI. GDAO is a **fixed supply, burnable ERC20 token**. The total supply of **3,000,000 GDAO** was minted at contract deployment, and there is *no mechanism to mint additional tokens*. There is an internal *burn function* which may be called to permanently destroy tokens, making GDAO *deflationary*.

GDAO TOKEN DISTRIBUTION



Liquidity Generation Event (LGE)

300 ETH was raised and posted as liquidity alongside 150,000 GDAO tokens (500 GDAO:1 ETH). Participants received a synthetic LP (sLP) token that reflects 1:1 ownership of genuine Uniswap GDAO-ETH LP tokens. When the farms go live, sLP holders will be able to send their sLP to a swap contract to receive the real LP tokens 1:1.

The LGE was enacted in such a way as to reward participants (*didn't swap ETH for GDAO*) and lock sufficient initial liquidity until liquidity providers are further incentivized by the farms. The event commenced on **November 16th, 2020** and filled out in roughly thirty minutes.

Airdrop

A token snapshot of BREE and SBREE was taken when the developer exit-scammed the project at block *11016190*. All stakeholders in the CBDAO ecosystem were accounted for and are entitled to an airdrop claim of GDAO tokens with the following associated rates:

- BREE Holder: 1x
- BREE Staker: 1.2x
- BREE Liquidity Provider: 2x
- BREE LP Staker: 2.2x
- SBREE Holder: 0.8x

The total airdrop allocation of **1,233,156 GDAO** is vested, with a penalty imposed to those who claim before the vesting is complete and a bonus to those who wait the full duration of the vesting period. The process is as follows:

1. All airdrop recipients are entitled to **claim only once** - zero exceptions.
2. Airdrop vesting period **begins in early December 2020**.
3. **Day One**: 10% of each recipient's GDAO airdrop is claimable.
4. **For 90 Days**: an additional 1% is claimable each day, until the full 100% is realized.
5. **Claiming early forfeits** the unclaimed portion of their airdrop.
6. **Unclaimed tokens** are treated as follows:
 - a. 50% is burned
 - b. 50% is sent to a rewards pool
7. **After 90 days**, the rewards pool from early claimers is distributed to airdrop claimants in addition to 100% of their token allocation.
8. The **distribution of the rewards pool** is proportionate to each user's stake.

This airdrop model was designed to *incentivize long term supporters, protect interests* of those looking to claim their airdrop early, and institute a *deflationary mechanism* to the GDAO supply.

Airdrop Example

Users A, B, C each have a **1,000 GDAO** airdrop claim.

User D has a **2,000 GDAO** airdrop claim.

- **User A claims on Day 1.** They *receive 100 GDAO (10%)* and *forfeit the other 900 GDAO.*
 - 450 --> burned | 450 --> rewards pool
- **User B claims on Day 40.** They *receive 500 GDAO (50%)* and *forfeit the other 500 GDAO.*
 - 250 --> burned | 250 --> rewards pool
- **User C and D wait the full 90 days to claim.** Of the 5,000 GDAO airdrop total, 700 GDAO was burned and 700 was sent to the rewards pool. Not counting the rewards pool, a total of 3,000 GDAO are available for the recipients, representing 100% of their original claim.
- **User C claims their airdrop** and receives all **1,000 GDAO** plus **233 GDAO** from the rewards pool | (rewards pool) x (share of original airdrop) = (700) x (1,000 ÷ 3,000) ≈ 233.
- **User D claims their airdrop** and receives all **2,000 GDAO** plus **467 GDAO** from the rewards pool | (rewards pool) x (share of original airdrop) = (700) x (2,000 ÷ 3,000) ≈ 467.
- The **final distribution** is then as follows:
 - **4,300 | GDAO Distributed:** 100, 500, 1,233 and 2,467 GDAO, respectively.
 - **700 | Burned:** tokens permanently destroyed.

GDAO Farms

A total of **1,200,000 GDAO tokens** are allocated to 9 slow, constant drip pools with a 4x boost on those farming the **GDAO-ETH LP** token in addition to the following single asset staking options: ETH, WBTC, USDC, LINK, YFI, UNI, SNX, and AAVE. All farms carry a **2% fee on deposit** which is delivered directly to the Governor DAO treasury. The farms are designed to bootstrap capital to the treasury in a manner that doesn't require an outright token sale. This approach alleviates legal uncertainty and also allows the free market to determine the fair value of GDAO tokens allocated to the farms. **Starting December 22nd**, tokens will be rewarded at a rate of roughly 1 GDAO per block, which amounts to just over 6,500 GDAO daily until all 1,200,000 GDAO tokens are rewarded - roughly 180 days after inception.

DAO Reserves

The remaining **416,844 GDAO** is allocated to the treasury as *DAO reserves* to be deployed by GDAO holders. These tokens may be used however the GDAO holders intend: to pay workers, as awards for community competitions, or to incentivize participation for microtasks.