

The Fans Together Statement 02/02/2022

Distribution: TFT Discord

Response to @againstleague3 (James Cave) and @uglygame (Martin Calladine)

Step 1: Write the headline, it needs a good hook: **\$1bn scheme**

Step 2: Call out project as it is crypto linked and it fits the zeitgeist and you don't want clubs owned in this way – now it's: **CrYpTo BrOs MaD \$1bN sChEmE**

Step 3: Tweet thread where the detail of your interviews is mostly ignored and **retweet for traction...**

We are not surprised at the thread or the tactic used to sensationalise our DAO. It's journalism 101 and we are fair game, we have said we want to buy a Premier League football club using a DAO as the structure which will of course raise eyebrows. However, there weren't any links given to our discord or more importantly our whitepaper which sets out our plans and in the words of Martin Calladine on Monday is informative: *"Just had a read of the whitepaper. Congrats, it good to read one with some actual detail to help one make sense of what's being proposed and how it will be funded."*

Martin Calladine has been the lead journalist in our conversations with them. He's a decent journalist and has written a couple of really good books about football and club ownership. His motivations around sport and particularly football, seem to stem from a desire to see things done well and for clubs to be well looked after. This we applaud and agree with. Importantly people in all walks of life need holding to account and scrutiny and we are fully onboard with that, which is why we openly discussed our plans on and off the record with them. So, to be clear, we have no issue with them at all and agree that crypto ownership structures are new and largely untested. Entering into football is also a particularly emotive issue, just look at the recent trials and tribulations at Derby and Bury and the furore over the Newcastle purchase - so scrutiny is expected. We have the right to reply however and this statement forms that response.

What is clear though is that crypto is also emotive. It's radical in that it facilitates a transfer of power from traditional financial structures to more fluid agile set ups. Just take a look at the crypto subsector DEFI if you want your brain to be blown by what private individuals are doing in the space. However, we assert that there are many good use cases for crypto that are accessible to most and that the technology is here to stay.

Four years ago, we looked at this project using the Ethereum network and an ERC20 coin as the facilitator, the tech wasn't ready and the decision was made to find an alternative that would meet our goals.

As such, we spent a lot of time looking at that tech and how crypto can and will work in the future, from things such as an ecological standpoint through to widespread adoption. Of course, functionality and things such as cost of interaction were also paramount. We selected the Iota Foundation and their technology known as the Tangle (a DAG), which is a fee free frictionless layer 1 tech to build our functionality on. The tech is green (no miners), brand new and what we associate with a web3 future of heightened interactivity between machines, people and machines and also people and each other. The European Union has also taken a long look at IOTA and shortlisted it for potential implantation across their own use case so the tech has credibility.

Armed with this decision, most of last year was spent researching and building partnerships to be able to produce a whitepaper that enabled us to explain what we wanted to achieve. Many other people have since entered the space in recent months with varying levels of published plan and stated intent that doesn't feel as considered as our proposition. We feel comfortable we have approached the project from a unique and reasonable standpoint, which is the governance and club protections essential for success must come first. As such, we drafted and published The Fans Together Charter which sets out things we feel are at the centre of the project. The Charter was published again yesterday in the twitter thread and highlighted a little oddly that there should be some negativity around our first listed point that we believe fans should have ownership of clubs, as though there is a suggestion this is wrong. Considering it is the reason for the project and our central belief is we believe fans should be able to own and run pro sports clubs we don't think it was too wild to list first. Also, it doesn't mean that we value this less than say our equality beliefs which happen to be set out last on the list or that we value community less than ownership, it seems a bit of a perverse notion to raise. It does though highlight that the TFT Charter is unique in this space as it sets out a set of standards of how we want to interact with sports clubs and how we want to be measured. We are convinced that the time in preparation has allowed us to be robust that the notion of fan ownership through crypto is not only inevitable but needs a considered and well-planned approach.

With our charter and project concept under our belt we needed a framework to hang it on and we selected a DAO. This stands for a Decentralised Autonomous Organisation; this is a way of saying an internet business that is owned by its members and runs according to the concept of one member one vote, based on a set of specific founding principles. DAOs as a function or concept are not new but largescale DAOs are becoming more widely adopted and there is a myriad of examples now of people coming together under this type of structure. This means the concept has permeated more widely into general consciousness as a phrase but still attracts a lot of fear and uncertainty over what it means or what a DAO does. Essentially, a DAO is represented through an online platform that allows people to come together to reach their defined goals and to get as much or as little involved as they choose. DAOs are unregulated in most jurisdictions, including the UK. There is some movement though to regulate and normalise them in diverse territories, Wyoming in the USA is one such place where a DAO can formally register and adopt the protections of limited liability for its members. We see DAOs as a great way of bringing people together and they could be a force for good or a force for abuse.

We are creating a Jersey foundation with the DAO as beneficiary to facilitate asset ownership and independent scrutiny and oversight. So, the reported 'DAOs can't own asset arguments' has been resolved and mitigated with forethought and planning like other areas of governance and implementation. Furthermore, Jersey is welcoming of ICOs so we have had our advisors engaged for a long period to settle on a structure that works for the participants and this is their recommendation. The DAO will be voting on implementing this in due course.

This leads me on to our next point around the protections for participants and financial matters. We set out clearly that the DAO functions through tokenisation and that we perceive our offering as a leisure token to facilitate participation in the DAO. We also recognise the responsibility of the treasury and fundraising. As such, this means that asset funds are ringfenced in a multisig online wallet that can be viewed in a blockchain explorer and is subject to a majority vote to be dispersed. At present, this decision is a function of the DAO board which comprises of 5 core team members. As the DAO grows and proliferates this will see different members taking on this role and pods or groups from the DAO having a multisig function. We have appointed independent financial advisors to scrutinise any transactions made along with publishing the multisig address and current voter addresses.

Currently we have announced an intended three rounds of fundraising with specific functions for each, the first is the pre ICO NFT sale where we sell a variety of themed hat NFTs that have different values of the \$TFT token attached. There is also a marketing bonus for holding these tokens for 6 months or a year. That means we have a maximum exposure agreed for the round of funding and as such and is clearly stated all of those NFTs are minted up front and burnt if unsold. Because there is £3m in value available for purchase doesn't mean we project to raise that amount of capital now, it does mean though that we technically *could*. The principle of the DAO is that it deals in absolutes not maybes and we also are not running an NFT sale with false supply dynamics to create false urgency. We have listed the NFTs and offered people the info they need to decide if they want to get involved.

The basis of this round of fundraising is that we will split the funds raised 80% towards operations and the tech build out for the app and all of the functionality for the smart contract and interactivity with the layer 1 IOTA tech. The 20% goes to the multisig and is ringfenced for asset purchases. As we go to the next round 50% is ringfenced and in our final round 80% is ringfenced. Ultimately it means early adopters take more risk of the project coming to fruition hence the elevated rewards for them getting involved with that higher risk profile. The ringfenced funds also provide some security for a phoenix or refund in a worst-case scenario. We think this is prudent and are completely open about it with every sale of NFT listed in our discord and all wallets viewable that we use. We publish this information in full on Twitter too and also remind people to DYOR and that this is speculative, not guaranteed. It's there in black and white and attached to our announcement of listing the NFTs.

The most crucial aspect of DAO management is to have transparency and also to be clear about use of funds. The IOTA wallet mentioned by them is our donation wallet and has had one donation made alongside some other deposits we sent; funds are used on various crypto based things e.g., the payments for the structure of the on-chain core team votes and fees. (It is not reflective of capitalisation of the DAO; it is for people who like the idea and IOTA to throw some Miota into the pot for these types of expenses.)

We have allocated 5% of the DAO tokens to the founders which we believe is fair and proportionate and compares favourably with other schemes we have seen. There is also an allocation of 7% for potential seed investment, right now about 10% of that seed allocation is utilised and the DAO, now it exists, will govern further fundraising or rounds as needed via vote. One scenario we could see for a VC function is where funding might be used towards asset purchases or bonds and as a financial guarantee function where needed for deposits etc., ultimately members will vote and decide on this. If seed allocation isn't used, the DAO will vote on burning the tokens or reallocating them.

The key here and the most crucial point is that a DAO is not about one person or a CEO, it is a collective of people that work towards a shared goal in the open with immutable records of activity. Decisions are not individually lead; the DAO is the lead. As the membership grows the core team stop steering. Our job has been to bring the DAO to existence and to make sure it is as well planned as possible and we get to participate like the other fans and focus on the areas we want to be involved in. None of us has ambition to be a club chairman or CEO of the DAO, we do however have a conviction that this type of project will happen and that we have made a good basis and platform for that to grow and attempt to globalise participation.

Do we have lofty goals? Yes. Are they unreachable? Time and 3bn Premier League fans across the globe (Nielsen, 2019) will tell. Our whitepaper sets out our plans and our intentions based on the level of participation and fund raising. Take a look and read yourself, if you like it, come and shape how we move forward.

In saying all this, I'll leave the final word to Martin Calladine who we have asked if he'd like to get involved with the DAO as he has wide experience of fan projects; maybe in shaping the project or in making recommendations around our governance and the things that concern him:

"Appreciate the rapid and detailed responses.

I must confess, however, that despite this I don't feel I could ever endorse TFT. I don't doubt your good intentions, but I'm just not comfortable, and don't think I ever will be, with the use of crypto to fund club purchases, the deployment of such a novel corporate structure or the scale of the ambition set out in the document.

For now, my interest remains focused on majority ownership of clubs by local fan bases.

And who knows, perhaps TFT will prove me wrong."