



ETHEREUM RESCUE & RESTRUCTURE PLAN

02-04-2015

Description: In late 2014 Ethereum was in trouble.

Vitalik Buterin asked Steven Nerayoff to do a full diagnostic assessment and recommendations on how to save Ethereum and restructure it for its long term success. Over the early months of 2015 Steven and Vitalik spoke many times. These are five of those conversations that happened to be recorded.

STEVEN NERAYOFF: Hello?

VITALIK BUTERIN: Hello? There you are. I can hear you.

STEVEN NERAYOFF: Okay. I have my headset on. But I guess my headset isn't working. Can you hear me? Now, can you hear me? Okay.

VITALIK BUTERIN: Yes, I can hear you now.

STEVEN NERAYOFF: How are you?

VITALIK BUTERIN: I'm good.

STEVEN NERAYOFF: Tired?

VITALIK BUTERIN: How are you?

STEVEN NERAYOFF: I'm doing well, thanks.

VITALIK BUTERIN: Less tired than I normally am

STEVEN NERAYOFF: Yeah? So you tell me where you want to go. How I can be helpful.

VITALIK BUTERIN: I know you've been working with Anthony and [PH] Hai the last couple of weeks so you probably know some of where, at least we are in terms of Ethereum.

STEVEN NERAYOFF: Mm-hmm.

VITALIK BUTERIN: As far as where we are on the development side, things are actually going quite well on that front. We're about maybe six or seven weeks away from launch. So hopefully, you know, at the end of March, we'll finally be able to get it out. And it's looking quite good.

The issues that we have that still remain are probably much more on the organization, at least for us. So we're planning on having a meeting at the end of this month in Switzerland where theoretically everyone from foundation leadership is going to be there, including myself, Gavin, Jeff, Anthony, Mihai, and so forth. And hopefully we'll come up with some kind of arrangements that will make sure things go well on that front.

Again, so one of the ideas that we've had is that we really basically lack... I mean first of all we kind of lack boots on the ground in Switzerland that are able-- that are able to help us with things like legal

issues, maintaining a team in Switzerland, which we're supposed to do and so forth. And Part of the reason behind that, yeah, basically no one is particularly interested in being in Switzerland at this point, and also there's no one who's currently in the leadership right now that really has exactly the right skills to do stuff like bookkeeping, accounting, interfacing with lawyers and so forth. So it just seems like this sort of task where we just need to find what are two good people, either one full time, several part time that would be able to take over something like this. But the issue is none of us are particularly well connected in Switzerland, and so I know Anthony and I have been trying to get people, we've been trying a bit...I've been trying a bit and haven't had that much success yet. So that's basically how things are for us on the Ethereum side.

STEVEN NERAYOFF: Okay. I've been speaking to Anthony. I've gotten some kind of tidbits here and there. Not 100% what's correct or not. I'm very straight, so I'll come to you with it. Anthony asked me... The discussion with him was a little broader, I think. He was pretty clear that if this thing isn't fixed, I don't think he wants to hang around. So, I kind of made a list of what I think the issues are. Because he asked me, how would you restructure this? I said, okay, I said I had an idea of how I would have done this from the beginning, but this is different, so you're in a different ballgame now. First and foremost, I think everybody's kind of looking at...

[00:05:00]

Do you want me to just tell you my thoughts on it? So I'm just going to hit you straight with it. You may like it, you may not, I don't know. But, you know, it's the reality as I see it. A lot of people are looking at this as whether or not their Ether is going to be valuable or not. And...

VITALIK BUTERIN: By a lot of people, do you mean internal or external?

STEVEN NERAYOFF: Both.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Now on the external side you've got, to my understanding, about 9,000 people that participated, a lot in this space that if you don't raise 30,000 or so Bitcoin and you made a lot of promises both in terms of condition, in terms of sales rather or whatever, also publicly this was a lot of rhetoric so to speak that was, you know, I think it was done with good intention. But I'm not sure if you're going to be able to live up to them. And there were also a lot of issues...there were some other issues. But so there's those people. And then there are some issues surrounding the Ether price that are pretty vital around that. Those issues...I broke it down by the way.

Here. Let me just tell you how I broke it down. I broke it down into Swiss work, I broke it down into funding, and then I broke it down into reorg, and then I broke it down into a final topic of law. But this was not pleasant legal. The rest of the legal was kind of mixed into all the other stuff. And when I say the not pleasant legal, I mean shipping over the securities regulations, tax regulations, money transfer regulations, transfer pricing regulations, personnel conduct regulations.

So there's all this different stuff. So, my take on it from a broad scope is, first of all, the way that folks are looking at it, because when I've talked, I've talked to quite a number of people over the past number of months and everybody's just kind of, like I said, internally very focused on what their Ether is going to be worth. And really at this point in time, that was all well and good at the beginning. Right now, at this point in time the focus should not be on the Ether at all, really it should be on whether or not the organization is going to be able to survive. And it actually shouldn't be... There was a lot of fear and greed that drove it early on. Right now, I don't see a lot of fear and I thought a lot of it was unnecessary early on if the right structure is in. Right now, I actually think there is concern-- reason to be concerned. And so these people shouldn't be looking at their upside, they should be looking down. You know, what are the potential downsides right now of everything that's occurred. So, I'll go through these in general. My take is that--I don't know how much is left in terms of--by rough calculations I'm guessing there's, you know, at current prices, was \$3, \$4, \$5 million left worth of Ether. I'm sorry, the value of Bitcoin.

VITALIK BUTERIN: Of Bitcoin and Fiat together, I think we have about somewhere from 11-12,000 BTC which is in the roughly \$2.7-3 million range. And then we have somewhere between one and a half and 2 million fiat on top of that.

STEVEN NERAYOFF: Okay. So...

VITALIK BUTERIN: About four and a half would be my guess.

STEVEN NERAYOFF: Okay. Alright. I mean I can send this to you after, but let me just kind of go in some--First of all, I want to kind of go over some things that are personally very disturbing to me that I just want to bring to your attention. The fact that the position wasn't hedged in my opinion is inexcusable.

[00:10:00]

Absolutely inexcusable. I don't care--By the way, I don't care if BTC went to \$2,000. The point of this wasn't to ride BTC. It was to make sure you had enough money to see this thing through. 1.0 and then do development on 2.0 as well, while you maintain 1.0. And then also be able to develop some of your own dApps, be able to encourage other people to do their dApps and you don't want to launch this, you know, it's like Xbox launching without any games. That's great. And from my take on the marketplace also is that the lead that was once had out there isn't that same lead. And there's a lot of questions out there.

Now don't get me wrong. If I thought this was a completely lost cause, I wouldn't bother going into this, I'd just say there's nothing you can do. But I'm not going to sugarcoat this. I'm telling you I think you guys are in... I think it's crisis time. And I'll go over the reasons why. I think--It's hard for me to imagine that there haven't been a lot of wires tripped on the legal side. You should be particularly concerned because of two reasons.

Number one, and I told you point blank, I had heard from the inside that they wanted to send all of those letters out to the Ethereum guys, but because of the opinion they weren't able to. Specifically, they wanted to hit you. And it's nothing personal, but you're the face of the company and Charles isn't around anymore, so that would be issue one.

And issue two is that there were decisions that were made that you were put in a position to make, it's still baffling that people had the wherewithal to put you in that situation, but nevertheless they did and you made the decision. And so those decisions, they look to see who made the decisions where things went.

So again that points not only to you, I think some of it is going to point obviously to Joe and in particular the terms of conditions and had a lot of dealings with the money and what have you. But anybody who's made the decisions has got trouble. And So you have a COO **[JOE LUBIN]** -- so I'm trying not to talk about individual people. It's too much. Because I don't think your issues are as simple as hiring a person or two.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: If you want me to talk to you about that, that's fine, I think it's a waste of your time and mine. I think--

VITALIK BUTERIN: Mm-hmm. So...

STEVEN NERAYOFF: Go ahead.

VITALIK BUTERIN: So the issue is, if they're solvable at all, that's to me three ways of dealing with it. One way is to tell the existing people to act in a very different way. The other way is to add people and the third way is to remove people.

STEVEN NERAYOFF: Right. I think there's only one. And that's number three.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: In conjunction with a complete 100... I mean a total restructuring of the entire org.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: And I can go into what that is.

VITALIK BUTERIN: Mm-hmm. That would be helpful, but...

STEVEN NERAYOFF: That's the only... I mean at this point I think you need to view this as Apple when Steve Jobs came back. The problem with the handicap and the fact you don't have some of the good will that Apple did...have success at once point. You didn't have that. You have the promise of success and a lot of excitement. And I still see a lot of excitement out there. It's just there's also a lot of other competition out there. And well-heeled competition that you didn't have before. And a lot of big-name players are getting involved in the game. And so-- and a lot of people frankly I think you turned them onto a lot of this stuff. So that's great.

[00:15:00]

But you don't want to be known as the guy who turned into people whose organization went under and then you got into legal issues. And you sure as hell... And again, I'm not trying to yell fire in a theater, but there's a fire as far as I see it. There's really a fire here. It's a systemic issue. This is not... So you can't tip(sic) dance around this. I've seen it. I've seen it too many times. Frankly I feel like the people that are onboard right now are for the most part tend to be very self-serving.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: They tend to be... Now I'm not going to talk about tech. I'm going to ask questions on the technical side, so I'm not really talking about people's technical expertise.

VITALIK BUTERIN: Good.

STEVEN NERAYOFF: So I'm not getting into Gavin or Jeff's technical expertise and what they're doing, nor do I question your technical expertise. But I will question people on that side, but you have to give me some more information. But on the other hand, for the rest of it, I have a pretty decent understanding of it, I think at this point from talking to everybody. And they are incompetent at best and that's the good end of it. The bad end of it is they've been-- well, to some extent it's been malicious.

VITALIK BUTERIN: Hmm.

STEVEN NERAYOFF: Self-serving. They're looking for their own gains. They really don't give a damn about Ethereum per se. It's great that it takes off or not, but they're just going along for the ride. And you know, I can go through specific examples. The rest of it, I mean, like I've told you, when I came here and I saw there were eight people. I mean on one hand I was very impressed about how you handled it in terms of being so egalitarian and giving everybody ownership and what have you. But the problem is that I think you had...your heart was really in the right place. But you just gave it to the wrong people.

And then the structure that was set up was not a sustainable structure, plus the reorganization into a non-profit, actually not only doesn't give people incentive for Ethereum to succeed, Ethereum proper to succeed so to speak, it actually incentivizes them now... The Ether is not... I mean it's *some* incentive, but it's really a minor incentive. That's not a long-term incentive. It's like saying, I own some Bitcoin but I need to see Bitcoin succeed rather than saying I have a Bitcoin business. It's a much different thing. And so that's really where you've got them all.

So that's why you see everybody's off on doing their own thing. Nobody's stuck around. They come in, they chime in from time to time, and the bottom line is what I'm seeing from an insider outsider

perspective. So I've got this unusual view, that I'm seeing people just utilizing the Ethereum name, and your name, and still Charles' name to some extent, to... Well I mean, I don't know if you're aware, but Charles was here recently. And...

VITALIK BUTERIN: In New York?

STEVEN NERAYOFF: Yeah, he was in New York. He was just on his way to Asia. And Jonathan sent out... He was having one of his Meetups and there he mentioned Charles Hoskinson. He didn't say Ethereum. But I went to the Meetup and there was a mob around him. A little mob. The same thing that you experience. And so I just kind of chimed in to listen to what he was talking about and a lot of people were asking about Ethereum and I saw him punt on those questions. He was very good about it. He was not derogatory to the company at all. He handled it with class and did the best that he could because I think he still cares about...

You know, I think a lot of his people had bought Ether. You have to remember, a lot of these people, and I've talked to some of them, they're not wealthy people. You know, they're people that have come in, they're young people that have sold their Bitcoin and put their savings into this thinking this is the next best thing. These people are not going to be happy if this thing goes below par so to speak. So one issue is, you must not only keep the organization going, you must keep Ether above par.

[00:20:00]

That's really important. That doesn't mean that you didn't trip. I am fairly convinced that securities laws and these other laws have been tripped. And so the question though is, is anybody going to come after you? And the likelihood of that diminishes greatly if the price of Ether stays above par and people don't lose money. That's a tough thing to do, unless you deliver, you know, some really astounding products. I'm going to talk about Swiss centralization.

So with everything that I've just said, first of all, I think because you're stuck with certain structures. I think you do need to look and turn this into... You have to decide first of all whether or not you're willing to do what it takes here. You have to decide whether or not the organization is more important than any individual. When Steve Jobs came back... This is really instructive. When he came back, you know, there were 15 different divisions at Apple doing 15 different things and a lot of them were really interesting and fun, and there were a lot of really smart people, but at some point he just said, look, we can focus on this, this, and this. And that's it. And that's all the cash we have. And then he had to go and get outside resources and Bill Gates in particular to fund the company and then he had to laser focus. And it was bloody and a lot of people were really angry at him. But he was right and he saved the company. And it was a Hail Mary. Don't get me wrong. It was a Hail Mary.

Then I think you're in a Hail Mary. You're almost at a Hail Mary standpoint. Part of the fact that you're at a Hail Mary standpoint is the structure. Part of it is the fact nobody hedged this position. I mean I was floored when I spoke to Anthony and I said, well, you know, the position has been Hedged. And the reason I asked him that was that when Joe and Charles were here they had told me they had a couple of agreements negotiated, I remember there was one in Israel and I think one in Germany or Netherlands or something like that where something between half a million to a few hundred thousand fiat in order to hedge the position at like five-something. And so I assumed you guys were all hedged at five-something. And Anthony said no, none of the positions has been hedged. Frankly I'm not 100% sure of who made those decisions.

VITALIK BUTERIN: There was never a decision made not to hedge. It was just... I mean basically a really huge amount of inertia is probably the only way you could describe it.

STEVEN NERAYOFF: Well no. Somebody was in charge of that. Who was in charge of handling the money? Whoever was in charge of that, that's inexcusable. They put the entire organization in jeopardy.

VITALIK BUTERIN: So in terms of who handled the money, I will try to answer that question. So the cold wallet is under the control of basically four centers. One in Switzerland, one myself, one Gavin, one in

Toronto. We were talking about hedging...well it wouldn't be hedging so much as selling, because, you know, we want to have exposure to USD instead of BTC and a lot of our payment is in fiat, so instead of the separation we just get the fiat.

So we ended up...I kind of ended up in trying to entrust Joe **[LUBIN]** to the task of managing selling BTC. And he started doing it, but he was just doing it sort of, you know, 100 BTC here, 100 BTC next week, 100 BTC the week after that. And basically what happened was that he...with his approach where he was really insistent that Bitcoin would go way up after some period of time, so it would be smart for us to hold onto BTC. And a large part of the blame probably is on myself for not being nearly pushy enough to resist him.

STEVEN NERAYOFF: Okay. So here's my thoughts on that. Again, if I didn't care about you as much as I do and what you're trying to achieve, but you as a person, I really like you.

[00:25:00]

I mean I really do and I consider you a friend at this point. I wouldn't be hitting you so straight. I'd be talking a lot more politely or whatever. So take it in that vein. Understand that's where it's coming from. So ultimately speaking, you're to blame for all of this. On the other hand, you've never done this before. And for all of the brilliance that you've come up with, running a company is not something that comes natural to anybody. It's something that you learn.

VITALIK BUTERIN: Right. I think that probably, yeah, if I had to describe my faults it would be, I was basically trying to abdicate responsibility the whole time. And I think because I didn't really want it, and I guess, first of all there was no one else who was clearly taking it from me, and...

STEVEN NERAYOFF: Yeah, well, I only say that because, and in a way, I'm giving you a little bit of a door out because you brought on some people that supposedly -- that claim to have the expertise. Now Joe **[LUBIN]** ran a god damn hedge fund.

VITALIK BUTERIN: Mm-Hmm.

STEVEN NERAYOFF: There's a word in the fund called hedge.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: A guy who was handling this that ran a hedge fund for eight years and didn't hedge your position. I mean I just, you had your upside. That was the beauty of the hedge. The hedge was just a putt. So, you had all the upside with none of the downside, and the beauty of it is everybody else right now is in pain and so are you guys, but nobody else, you would have been able to clean up, and who knows what kind of talent you would have been able to scoop up, instead of four and a half million you'd probably be at \$12 million right now.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: And then if Ether went to a thousand you guys would... It actually would have been better for it to go down because you guys would have been stronger amongst a bunch of weak players, as opposed to being strong with a bunch of strong players. But in either way you would have been protected. So, to me, that is just beyond inexcusable, and the people didn't give you the money, they gave you enough money, now frankly you don't have enough money. Four and a half million is not enough to accomplish what you need to accomplish. So you have to... Nobody wants to move to Switzerland. Having people, what they want, is irrelevant.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: So I'm just going to go through some steps. First of all, I would probably strip everybody of their Ether. The Ether was supposed... I know, because I know things that were told to me

and I know what showed up in various documents, that Ether was supposed to vest. I remember that clearly. That was supposed to vest over like three or four years.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: And just giving... If you know this, I don't know if you do know this or not. I never took my Ether.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: You know. I just didn't feel like it was the right thing to do. And I think anybody that was part of this... And I think I pulled my weight and did what I was supposed to do. But...

VITALIK BUTERIN: And you did.

STEVEN NERAYOFF: I mean, it was, frankly it was... Some of the Ether that was given to some people, was almost, you should have rather... I would have, I think it was better not to have given them, rather than give them like \$3,000, or \$2,000, or \$1,000 worth. You know, it almost was like, it's better to just say, thank you. We appreciated what you were doing. Or give them something substantial. One or the other. But you know, whatever.

But I would strip everybody of their Ether right now. Because... And it's a protection for the company, it's a protection for the people themselves. Like I said, people looking at the value of their Ether, they should be more concerned about sitting in a prison at this point in time, because the Ether just goes down, and it's also better if people don't have that Ether. At least they can say I didn't profit from this in any way, because there are people that are trying to sell their Ether on the third market. There's that one guy that created that little, you know...

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: ...coin. And so there's... And there's a lot of people that want to just dump the Ether. And within the organization.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: So you know. Don't... By the way, I'm also going to say I believe the restructuring was a huge mistake. I know Charles has his downside. I am very aware of Charles' strengths and weaknesses. And I'm aware that he has both. But he was the closest thing you had to both a strategic person... And you don't have an asshole.

[00:30:00]

You know? You don't have one jerk onboard that can be the jerk and that can actually make the tough decisions, and then it gets thrown to you.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: You really shouldn't be put in that position because you need to be able to galvanize people around you.

VITALIK BUTERIN: Sure.

STEVEN NERAYOFF: And so the other thing I would do is I would terminate virtually everybody on... I would basically come up with deals and get rid of everybody on the founding team, but with the exception of you, I would keep Anthony on a board level.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: I would figure out a way to turn this back into a new entity, a new for-profit Swiss entity. You made a lot of promises. Is that some people in the background? I'm just having a little hard time here--.

VITALIK BUTERIN: There are people back in the room.

STEVEN NERAYOFF: Okay. I'm having a... So you guys made promises to the Swiss. The Swiss didn't do this out of the goodness of their hearts. I don't know all the promises that were... I don't know. I haven't seen all the docs. I do remember... So I'm going on stuff that was told to me many, many, many months ago. But I do remember there was something about ten jobs being created. There shouldn't be any nexus really. Everything should be centered in Switzerland. I would create a new one for profit... I would eliminate your entities. You'd have to work with Jeff and Burt. And I could help you do all of this.

Everything that I'm telling you is doable. It's going to be painful as hell. But what's more painful, and I've lived through this, is to see the whole thing go under. And make no mistake about it. That's where I see this going. I don't see it surviving. And I don't really care what you launch. I just don't see it surviving, because the structure, the foundation is corroded. It's a corroded foundation.

So essentially I would create a new for profit entity in Switzerland. I would eliminate nexus with everywhere else and then I would center everybody in Switzerland, for now. Over time we can find a broader structure. Anybody who doesn't want to go to Switzerland that's still a part of the organization, who is like part of the dev team, would need to move to Switzerland if they want to be part of this. It's as simple as that. You know. You say, look, we're going to move to Switzerland for the next six to twelve months and then we'll reevaluate at that point. But you've got to make good and we have to really look at what was promised to the Swiss.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: You need a CFO. I happen to like Hai a lot. I think Hai is bright. And so this is not a knock on Hai. I think that was a really generous thing and really good that Anthony sent him around to try to clean up the books. But really you need an internal CFO. It can't be like some guy coming in and cleaning up the books. You need a guy that would have been on top of...

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: And you need to cut your burn rate. I don't know what it is right now. You need to get it down to like under \$100,000 fiat per month right now. You need to cut out all, whatever is in development that is not part of the core product, you need to get back to an MVP 1.0.

You can't... I do remember there was talk a while back about varying browsers and I don't understand all of it, but varying standards and different languages and what have you. And I don't... You just don't have the luxury of doing all that. You know. You're not Google.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: And you can't do it because somebody likes a particular technology or it's just somebody else. Somebody has to make a call and say, this is the one we're going with. And so I'd have to get more granular on that. And I mean I'm happy to send you for example my CTO, or I would get, for example, Eric Anderson, or somebody like that. And between us we know enough people that we can get somebody to really come in and do a full evaluation of the technology and really slice and dice and get rid of everything that's non-essential. And I can't imagine there isn't a lot of that out there.

This organization is in like five continents right now. That's craziness. I mean it needs to be in one country. Everybody needs to be in one room. I mean it just can't be... You're not going to be able to accomplish what you're trying to accomplish, and besides, there's just too many regulatory and legal hurdles that you can't overcome by doing it that way.

[00:35:00]

So I would renegotiate all... I don't know what agreements you have with other parties, with third parties that have come about. But they all probably need to get renegotiated between the Swiss entity and those parties.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: I would hire a new CTO that handles 2.0. Take your best programmers and put them on that. And then I would probably, then you can have an offshore development team that's low cost. So I've got, for example, I have a development team... Well they're not low cost. The ones I have in Canada, in Vancouver, they're not necessarily low cost, but I have another one, for example, personally for Cloud Park I have a Serbian development team.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: And they're just incredible... They're just as good as anybody out there for one fifth of the price. And they work their tails off, and they're loyal, and they're amazing, and I've just had an amazing experience. So Serbia is one example of that. It doesn't have to be Serbia. That's one I happen to find. And I have contacts there. So that's one possibility. And so you may want to contract with an independent development company and pay them, because they don't have a lot of overhead. And they don't charge a lot. So if it's \$23 they'll charge \$25 for that person. But they're in charge of those people. And those are the ones that are...

You get those people to just do maintenance on 1.0 until you can get 2.0 out, to get a really low-cost team on 1.0.

VITALIK BUTERIN: Right. At this point it's probably not worth it to restructure 1.0 too much given that it's like two months away.

STEVEN NERAYOFF: I'm talking about maintenance on it.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: I don't know what kind of maintenance is involved. And maintaining it. I don't know how long it takes to get 2.0 out. So that's all I was talking about. In other words, maintenance is as low as possible.

VITALIK BUTERIN: So the idea of getting developers in Serbia cheaply, I mean that's actually a really great thing and that's something we could do completely separate from everything else we're discussing. So if you want to try to help Gav on that somehow, that would be really appreciated.

STEVEN NERAYOFF: Sure. I mean all of this, I'm going to throw all these out.

VITALIK BUTERIN: Sure.

STEVEN NERAYOFF: And then we can go through which ones we want to do, which ones we don't want to do. I'd like to keep the conversation between me and you.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: And then decide how you want to attack it. Then we can make a plan to attack that.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: I think Ethereum needs a total rebrand. It's really clear. You saw the article on Coindesk a couple of weeks ago. There was nothing even in the article, which was fascinating, but at the top of it, it says, what happened to Ethereum?

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: And so that in and of itself is telling you, and I've looked at the boards, and I've been to some of the meetups, and people don't know what the hell is going on. Your community outreach sucks. It's terrible. I'm speaking from experience. I've built some of the largest marketplaces in the world. And community outreach was a really big part of what we did. And so think eBay. Community outreach was vital to the reason we became the third largest marketplace. It was one of the core components of it. And our community was evangelized and was very aware of what was going on. And what we said, they were in a vacuum. Plus our partners were aware of what's going on. That was part of our community also. We had some very large sellers that were hooked into our API that were very... And these people were treated with kid gloves. I mean I, like I've heard about, I don't know the details of what happened with Ares, and quite frankly I don't care about what the details were. All I know is I had heard about these guys a year ago. And, almost a year ago. I don't know, it was maybe eight months ago, and how excited they were, and how strong they were. And I heard it from like four different sources. And now they're forking you guys.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: Something went really wrong for that to happen.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: And there's... I don't know what it was. I don't really care what it was. But whoever did it should not be talking to any partners in the future because you had a company that really could have been your Microsoft, building your Microsoft Office so to speak. And instead now they're trying to compete with you.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Now I don't know if that's probably too far gone.

[00:40:00]

Maybe, maybe not. I don't know. So I think you need a total rebrand. I know there was a talk about doing a DAO for, you know, a not for profit for 2.0. I don't know whatever happened to that. But I think that needs to get back on there.

You need to bring in a consultant to evaluate the entire entity. So this is actually set up front. You need to bring on somebody. So that's maybe, you know, potentially I could work with somebody and we could do a full evaluation of the entire company. But you know, you want somebody that... I mean I could do a lot of it, but there's some of it that you need some technical expertise, you need somebody that has some financial expertise. So you need a really small team to come in and do a real quick sweep through the entire company. And he's going to make some recommendations. And he's going to look for certain skill sets that the CFO...

And you need to hire a real COO. Bottom line is you don't have a COO, you don't have a CFO. The COO would have... Forget about who has the label of COO or CFO. Nobody has CFO, or who has the label of COO. The bottom line is you've never had one. And nobody there has the skillset to do either one of those. And if I was building a company, there's nobody there that I would hire to do either one of those jobs, and those are actually more important for you right now than the CEO, because it's really operations right now. The CEO is very much about evangelizing externally, and going around the world, and doing partnerships, and working with a biz dev person, and doing a lot of other things, and looking at strategic vision and those kinds of stuff while the CFO and the COO are really the guys... I mean I can tell you at

CloudParc the CFO and the COO... And they're more or less one person and then my CTO is more or less doing the guts of the organization, you know?

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: And right now, for what it's worth, I can just tell you that we're negotiating another round and we haven't even done our beta and we're negotiating somewhere in the \$3-500 million range. You know, that's... And I can't take any of the credit for that. And really I'm telling you it's because of those people running those roles that have built the entity. And so the folks we're talking to are really blown away by it. And we're pound for pound we match up against anybody, but we're not a large organization. We're like 20-some odd people.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: So then I would... I don't think you can do anything until... I think you do all of this stuff now. But I don't think you do in terms of doing the evaluation. I don't think you actually cut people until... You want to get 1.0 out the door.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: So that's vital. Once 1.0 is out the door... And when I say once, I mean like the day after, I would do the following. I would do a full independent audit of every account.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: You bring in a firm that has credibility. This is for several reasons. It's, one, because you want to figure out really what's happened with the money.

Number two you want to figure out, there's a protection clause. A protection ability here. So I'm giving you, I'm trying right now, one of the things I'm trying to do is in giving you this advice is save Ethereum. And I look at it as saving it.

And two is keep you, literally you, out of prison. Personally at this point, I don't really give a damn about anybody else. There's a couple of guys, because I just think they acted... It feels to me like they've acted... I can't say that about everybody. Like I really don't know. I mean I've spoken to Mihai twice. He seems like a great guy, you now? He seems like a really fun guy you'd want to have drinks with, okay? I don't really know him beyond that.

[00:45:00]

You know him much better than I do. I have nothing good or bad to say... I mean he seems very pleasant. Nothing bad to say about him. You know. Jeff and Gavin, let's put them into a separate pot for a second. And Taylor I really don't know what he's doing or not doing. Stephan to me seems like an interesting...character? I've never had any personal issues with him. He's always worked really well with me. And he's tired... When we were talking about what we needed from a legal standpoint to be said, he did come to me and he really took the advice. The problem I have with it is I see that this community is not galvanized and that kind of falls on his shoulders.

So at this point it's not about who you like or who you don't like. It's like, this was your job, it wasn't done and that's it. We've got to find somebody that can do it. You know, so I was just looking at it from the outside... So none of this is personal to anybody. Including Joe. Whatever it was. It was what it was. Personally, this is off the record. This is between me and you.

The reason I was hesitant to get into business with Joe, and you know he was in my office. I didn't kick him out. And I paid for his rent all those months. And you know, it was more, his issue with Jonathan and it was really just horrible done by him. And we talked about it. I said, look. I have no problem if you stay. It's just, there's this issue with Jonathan and I, you know, Jonathan has been with me for two years and

I'm very loyal to him. Personally, this is the off the record thing between me and you, is that, when I looked at him, I said, this guy, he's never run a business and he doesn't have business skills. And he's very much feeding off the Ethereum name. That doesn't mean he can't turn a business into a success. I'd be surprised if in three years he's still in this space.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: That's my personal opinion on it. I saw everybody at the beginning of, you know, the internet, and I just see a lot of the same characters... People that kind of flock, opportunists. Smart or not on an IQ standpoint is irrelevant. Do you have the skill sets and do you have the lasting power? I see you, if you can keep your nose clean, you should be one of the luminaries of this industry in ten years. You should leave a legacy of infamy. You have that ability. Very few people have that. And I don't, you know, I think it would be a horrible thing if your mind is not in this industry, I think you add a lot to it. These other players, you know, this is a different story. We'll get to Gavin and Jeff after. So you need a full independent audit.

VITALIK BUTERIN: Sure.

STEVEN NERAYOFF: I think you need to ask every employee... By the way, and when I say you're going to cut all these people, you're going to do it in a pleasant way.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: But they all, just, virtually everybody needs to go. They just do.

VITALIK BUTERIN: So when you say virtually everyone, and then you said not to include...Jeff and Gav are in a separate bucket and don't have that strong an opinion on Mihai, so what's...

STEVEN NERAYOFF: No. I don't... Okay. I'm not going to say Mihai should go, Stephan should go, Taylor should go. I think everybody should go. I think you need a *whole* new group of people. And the reason I am not putting Gavin and Jeff into a separate bucket is because I need to ask you some questions about them.

VITALIK BUTERIN: I'm kind of hearing you less well now.

STEVEN NERAYOFF: Oh. The reason I'm bringing...putting Gavin and Jeff... I'm talking about everybody. I'm not talking about Anthony because I think Anthony should just bump up to the board level or something. Because I think you can... Your relationship with Anthony I think is important.

VITALIK BUTERIN: Hey Steve.

STEVEN NERAYOFF: Hey.

VITALIK BUTERIN: Yeah, you were at Gav and Jeff in a separate bucket.

STEVEN NERAYOFF: Right. Just because I have questions about them to ask you. So that's why I wanted to leave them for the end.

VITALIK BUTERIN: Sure.

STEVEN NERAYOFF: So I'm not... Again, none of this is personal. So that's why... But it's going to be tough. Because I know you work side-by-side with a lot of these people.

[00:50:00]

But frankly you're going to be saving them because... You're going to be saving a lot of people from potential massive legal problems. So when you look at that... Can you just give me one second? Okay.

Sorry. So then I would have every employer write down what their job description is and a detailed history of all the work they've done.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: You're going to want that. So right now you're really in cover-your-ass mode. I would draft a month-to-month history of the venture from December of when it started.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: Go back to Miami and do a very detailed analysis of the entire venture. The month-to-month, the point of this is you really want to know what everybody was doing and you want to know what the venture was doing throughout this whole time frame so you have this so... My opinion is at some point the authorities are going to call. The question is, remember I said to you, you've got a shield. And somebody said to me, does that mean we can't get hurt? I said no, in Roman times people died when they had a shield. But it's highly unlikely if you use the shield properly. Now the problem is the shield was not utilized properly. You did not follow... When I say "you", the organization did not follow... The opinion letter is only as good... I was very clear with everybody on this. The opinion letter is only as good as far as the organization follows it. If you realize, it's basically a series of if/then questions. Statements rather. Put bluntly, essentially that's what they are.

BREAK

STEVEN NERAYOFF: Where did I lose you. The Swiss entities is what I was talking about.

VITALIK BUTERIN: Yeah. Ok.

STEVEN NERAYOFF: The issue there is that you -- well, I talked to you about the pinion and the shield, right, you heard that?

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: OK. So, then the Swiss issue is the same thing. You had a shield against tax liability.

VITALIK BUTERIN: Yes, which is that we have to follow the business plan and eventually hire 11 people right?

STEVEN NERAYOFF: Yeah, I don't know what eventually means. And I'm not sure that those are the only two requirements. I think there are more than that, but again, I don't have all these documents, so once I look at them, I can say, ok, here are the things that you need to do. Then I can ask you and we can compare notes and be like, what was done, what wasn't done. But the point is that you clearly have violated the agreement so far. Does that mean you can't fix it? No, it doesn't mean you can't fix it because the Swiss, fortunately, will be willing to play ball. You just need somebody that knows -- has that relationship with them. That's what I was saying. It's unfortunately, Charles is the one who had the relationship, but I had some really good talks with those guys over there and I think it could probably be rekindled.

By the way, Charles put into a separate bucket too because I do want to talk to you about him and I'll explain what I mean, but the reason I'm putting these two buckets of Gavin and Jeff in one bucket and Charles in another bucket is because, the stuff that I'm talking about has to be done, regardless of those two buckets. So those are the only exceptions, potentially.

So, the history of the venture from the beginning till now will also give you a timeline and will give you something to back you up when the authorities -- basically right now this is all cover your ass stuff. So, when they come and they want to know exactly everything that happened, you have all of this entire timeline down. People's memories get faded

[00:55:00]

and trust me -- I told you, I said to Charles and Joe when they were leaving to go to Switzerland, I said, guys, I'm feeling Lord of the Flies coming on. Charles looked at me and he's like, yeah really? And Joe said, come on, Steve, you're just being -- you're just trying to scare everybody. I said, no, I'm not. This doesn't sound good. You can ask them. And that hasn't -- you're still in the middle of the book and at the end of the book, you know, Piggy got killed and everybody's -- but the point is that everybody's going to be pointing fingers at everybody else and mostly they're going to be pointing fingers at you. And so, you want to be able to cover your ass, so having this would be really important.

You need to get a tax expert in there, an international tax expert to review the history that the consultant -- either the consultant does or if he hires a CFO quickly enough, he does or he has an accountant that does it, a CPA that does it, but you need a tax expert to go over that again and review the audited books for all of your compliance issues. You know, transfer pricing, the Swiss ruling pricing, whether or not -- I heard through the grapevine that people getting paid, the BTC was getting converted into literal fiat, like physical fiat and then people were getting paid in paper bags.

VITALIK BUTERIN: I don't think there's any instance of that happening, at least I haven't heard it.

STEVEN NERAYOFF: OK. The point is this. I don't know whether unemployment taxes were paid to everybody that needed to get paid.

VITALIK BUTERIN: On the foundation side, I am aware that we are taking off withholding taxes for every single employee. I know that because I'm the one handling payroll.

STEVEN NERAYOFF: Ok. You need somebody -- that's just one of the issues, but the bigger issue is, as I see this transfer pricing, money transferring from a not-for-profit, you've got money going to a for profit?

VITALIK BUTERIN: Actually, the EAG (unknown) is a not-for-profit.

STEVEN NERAYOFF: So, is that the one that you and Chef and Gavin are?

VITALIK BUTERIN: Yes.

STEVEN NERAYOFF: Ok so that's a not-for-profit, so Gavin doesn't have any for profit entity?

VITALIK BUTERIN: At this point, no. I mean, not fully, we're on the details for, might be some for profit, but if there is, it's just a legal construction that's owned fully by the FDIC (unknown).

STEVEN NERAYOFF: OK, you have to be careful because I'm not sure that on your terms and conditions -- I'm throwing out, by the way, since I don't have all the facts, I'm throwing out things that are kind of on the surface. These are just surface stuff. I mean, there's probably a lot more, but I don't really know, so these are possible issues, but I believe the terms and conditions -- and I haven't read them in -- again, remember, I was on vacation. Joe threw this out. I kinda got furious and I said, Joe, what are you doing? Why don't you have Pryor do this and now I understand why it was done the way it was done because there were certain things that were taken out of that, like the vesting agreement and what have you and --

VITALIK BUTERIN: Wasn't there a legal argument against having vesting? The legal argument basically being that if they actually have vesting, the whole thing looks much more like a shared (unknown) revenue without vesting and basically you can make a strong case that it's basically a distinct level to getting people wanting to buy Ether?

STEVEN NERAYOFF: Well, yes, there is an argument for that, but I mean there's nothing -- if you're handing somebody a product, there's nothing wrong -- and the product is in increments and we give them the increments over time, there's nothing wrong with doing that because if this is a fuel, as we're talking about it -- is that an argument that somebody would make in a prosecution? Yes. Do I think it's a really strong argument? No, not if all the other aspects are being handled because you're just saying, look, we're giving them this fuel except we're giving it to them over a period of time.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: I don't see the timing issue, so long as everything else is being handled. The issue is that I think all the hard work we did in classifying it as a fuel had gotten pierced. I told ██████, I said, and I'm not so sure it's the right thing or the wrong thing to do. It's tough to say, but I saw his YouTube video and I said ██████ look, I know you were trying to do the right thing and I think he was because he called me for two hours and we talked about it, so I knew he really was trying to do the right thing, but then he said

[01:00:00]

I'm sure people bought it for speculative -- The problem was, is not so much with what he said.

The problem was, you needed one person. So, I was at a conference where Chris Larson was there and somebody else from Ripple was there too. I can't remember, it's fuzzy in my head. They asked one of them about XRP and the other one punted to the other one and he said, well listen, all questions about XRP, please ask, I don't remember if it was Chris punting it to him or the other one punting, but the point was that they have one person in the organization and he's the only person in that organization that's allowed to discuss it and that was supposed to be the situation here.

Nobody else was supposed to mention it and I don't think that was done. And so, that -- and when you have people that are quote-unquote listed as co-founders and the bottom line is, they're not, they're really not. I mean, the reality is, there are no cofounders here, OK? You founded the company and you decided to give equity to a bunch of employees and that's really the reality and everybody wanted this title co-founder. It's a bunch of garbage. I mean, it's not true and it's going to come back and haunt them because the cofounder sounds like you've got authority.

That's why I had Richard back then, I ripped up all of his job descriptions and I took out the authority on almost all of them, so they could be like the Nazi soldiers and say, look, I was just following orders. And I said, other than the two or three people, there's no way to get around it for you. There was no way to get around it for Charles. There was no way to get around it for Joe. And I said, other than these three, why does anybody else need to have authority in their job description, per se? You know, especially

I said because we're dealing with a very sensitive area here and we came up with a very custom -- you have to remember, the solution that was come up for Ethereum was very custom made. So, it wasn't a cookie cutter, so you had to be really, really careful about how you handled it. It was custom wrapped, first Charles on the Swiss side of it, me on this side. These were never done before. Now everybody is getting sent to Pryor Cashman and Pryor Cashman are churning out these opinions like tomorrow. One of the things we talked about is, some of this stuff does infuriate me. It's like, we were really clear to everybody, nobody talked about which law firm did this. This is our trade secret. Nobody mentioned it.

VITALIK BUTERIN: Not to mention, that was actually something I didn't hear.

STEVEN NERAYOFF: OK, I was very clear. I don't know if you heard it, but OK. That's possible that you didn't hear it, but again, those days and I told you, I do regret not having spoken to you more often at the time, I know but I was very clear with Joe, I was very clear with Charles and I do remember discussing it on one of the calls that I think Mihai and all you guys were on. I remember talking about it and saying, look, this is a trade secret, but there was a secondary reason for this, is that this was a very custom wrapped product, so to speak. The whole thing and it was a house of cards that was very delicate. You can collapse it very easily and also if too many other people start using it, then the authorities start looking at it.

VITALIK BUTERIN: And if one of them ends up collapsing it --

STEVEN NERAYOFF: Exactly. Thank you. Exactly, you got it. And frankly, I talked to somebody -- I found out about this by accident. I was talking to somebody in the space and he said, oh, we're doing crowd funding and I said, well look, you guys need to be really careful. You seem like a real good guy. I said you need to be careful. There's a lot of pitfalls in that area and he asked me what they were and I discussed them. I did not go into what law firm to go to and all of that. And he said yeah, no-no-no-no, we're good,

we've got a law firm handling this. I said, well be careful, most of the law firms out there will promise you. He goes, no-no-no, these guys have done it, he goes, these guys did Ethereum and I was like, um -- oh shit, I was like, and who told you about this? You can guess who told him about it, the New York base guy on your team, so to speak.

VITALIK BUTERIN: Which project was this? Was this project Permacredits or --

STEVEN NERAYOFF: No, this was [REDACTED].

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: He knew you. So don't say anything to him. This was, he was telling me off the record so I don't want him -- [REDACTED]. Do you remember meeting him?

VITALIK BUTERIN: Yeah, I know who it is. I spent some days with him in Israel.

[01:05:00]

STEVEN NERAYOFF: Yeah, they really, really, really liked you. They had a lot of really nice things to say and they're good people, you know, so it's not like you -- I don't want to not help them. The problem is that you're not really helping them, you're just hurting yourself and so from my understanding, it has been somewhere at least four or five different companies I know have gone to Pryor where they've cookie cuttered this thing. That's the last thing you want really.

And so, next thing. I think you need to get an operations consultant in there, an HR consultant to aid and restructure the job roles and the duties. This part falls underneath the consultant. So the consultant will probably need some subconsultant, depending on how broad his skill sets are and really figure out what roles and what are the duties for those roles and you're really trying to get down to a very skinny organization. Because right now cash is king, BTC, cash, whatever, but you need to preserve it as much as possible, so you really need to be very efficient with the rules and responsibilities and that also plays into what's your strategy moving forward and then that'll get to the technical discussion. I don't personally understand what the point of Eth Dev is.

VITALIK BUTERIN: The point, so Eth Dev is basically something that Gav started pushing for in June July or so. The purpose of it is basically to create a buffer between Ethereum leadership and between development and basically a lot of Ethereum development is to keep on going without the politics.

STEVEN NERAYOFF: Yeah, that's a problem. It's a problem because first of all, I don't know the terms of sale, I don't know whether or not that's in line with the terms of sale.

VITALIK BUTERIN: We did actually mention to get dev somewhere in the organization, structure or charter of one of the sale docs.

STEVEN NERAYOFF: OK. The secondary point is that, just from another perspective -- the problem -- here's your situation. You have a corroded structure. So I'm going to assume that Gavin was acting in the company's best interest for a moment. I'm not going to assume anything nefarious on his behalf. I'm going to assume that he was like, alright, this is fucked up, I want to make sure that we are able to deliver and I don't want that to infringe upon us. So, I hear that. So then the way you do that is not by putting a buffer between it. That you radiate cancer, you know. You don't -- so, you've got to fix the structure.

VITALIK BUTERIN: Right and I think Gav did that because Ether did not have the power to fix the structure and I mean, theoretically, I guess I did, but practically I had no idea what could have been done and even still, with all these restructurings, if we remove a bunch of people, they're still a few people that we have to find and people that we can trust and so forth.

STEVEN NERAYOFF: That's fine. They're out there. Look, I've gone through this process before. It's painful, but everybody is being helped because again, what's the alternative? You're looking at not surviving and you're looking at potential massive legal liabilities that are not just civil, but potentially criminal. And so, you've got to take this really seriously. I am trying to get you on high alert because I think you need to be on high alert and so I think you also need to archive all communications from

December 2013 till now. I know I think Jonathan went and got everything off of Slack. I think Joe asked him to do that. I remember I was in the room at the time and I think he did that, so he probably has all the old Slack stuff because I know a lot of that stuff was archived or maybe even deleted, but you need to get that. You need to get any emails, communications, if you have an email server that hopefully doesn't dump every 90 days because I know that's typically what they do.

VITALIK BUTERIN: We're using Gmail.

STEVEN NERAYOFF: Alright, well I don't know how you do this, but somebody can figure this out. Get all the communications that you can get including all board meetings, all everything, you've got to get that all into one location and in one place

[01:10:00]

and then you've got to annotate them and make sure what really happened and go through them and figure out where there are smoking guns.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Where did people fuck up? So, you're kind of prepared and so you can also maybe do some damage control and so I don't know what was said, but I just can't imagine that things weren't said. I mean as a side note by the way, the way people have acted in this situation, I had one of my companies, I had people acting very irrationally and almost in a paranoid fashion that I didn't quite understand and it was very humbling for me because I brought in a consultant, by the way and my company was growing and we had plenty of cash and everything and I owned 100% of the company, so it wasn't like I was doing this for anybody else but myself, but I brought in this consultant and he came to me and it was very sobering. He said to me, he said, you've got a drug issue here and I said what? And I said, what are you talking about? I was shocked. This was a healthcare company, by the way, so this is serious. You have a drug issue and we're in charge of people's lives, literally and so he said no, I'm telling you, he said, he had been doing this for a long time and he said, he just smelled it. He said I can tell you that there's a drug issue and he even pinpointed it. He said I think it's coke and it was the way some of the people were talking to him. And now in hindsight we found out, we set up a sting, by the way, a sting operation and we had cameras all over the place, which everybody actually knew we had the cameras, but they just didn't realize we were paying attention because we hadn't been for years and we set up a sting and we caught the people and so I'm just telling you, this isn't just a gut hunch of mine.

This is not normal behavior and it feels like the same kind of thing, so it's a hard charge to levy, I understand that, but it's not normal what some of the stuff that's going on and he can't just say it's because oh, somebody's a socialist or an anarchist or whatever. It goes beyond that. They're either pathological, they're on drugs, there's something else going on. It doesn't make sense to me. You can't dismiss it because of ideology, you know.

Even what happened with Charles, with that whole -- it wasn't just Charles, by the way. Charles and Amir were the ones that were sacrificed, so to speak, but from my understanding, they went after Joe too and I think one other person, I forgot who it was and Joe did his thing to survive and whoever else it was did their thing to survive and obviously Amir and Charles didn't or couldn't, but that whole thing was very -- the way it was handled, whether or not it was necessary, is not even the point. The way it was handled really, indicates something deeper of a problem.

So I would look at that and I have heard little things about people going in the Netherlands and what have you, so I kind of dismissed it earlier on because look, I've been to the Netherlands and I saw what goes on over there. It personally wasn't my thing but I don't morally have -- I actually don't have any moral issues with any of it. I just don't want them in my company. So, I didn't really think much of it, but I have this sense, this is one of those -- I mean, when you build enough companies, there are some things you just have a sixth sense for. Seven out of ten times you're right and three times out of ten you're wrong and so, this is one of those, so I'm just throwing it out there.

I would also -- so again, I would get rid of everybody as cofounder. Actually nobody's name is cofounder anymore and you're founder and Anthony I would probably keep as some kind of board member/advisor

because I think I could work with Anthony and he's the only one that's willing to be first an ass and he's the only one that has some business experience.

[01:15:00]

Frankly, he's the only one in the space that's actually -- remember that question I asked? I said, has anybody built, ran and sold the company through the whole process? And I said, unless you've done that, you can't be in charge of running a company of this type of this type of magnitude because what you're trying to accomplish is just, it's huge. I know it was a really small one that [REDACTED] did, but at least he's the only one in this space who has actually built and sold a company, however small the transaction was, he did it and when I talked to him, like the guy has some business understanding. He's the only one I've talked to that has some business understanding. Charles does, Charles did and I really didn't talk to anybody else who did. Now I didn't have in-depth discussions with everybody so I can't and I don't want to label everybody, but I did have some in depth discussions with some people and so that was my take on it. So, and I think Anthony should probably be retained, but I think you should get him out of the cofounder role, probably go to the board member/advisor role and I could work with him. I think you need to get D&O insurance policy and one of the things --

VITALIK BUTERIN: What is a D&O insurance policy?

STEVEN NERAYOFF: Director and Officer insurance policy. So, this is another thing that is absolutely unforgivable, that this normally would be a COO or a CFO role and since that person basically, it sounds like that's in one person, is essentially acting in those two capacities in a lot of respects. It's unforgivable that you don't have D&O insurance. Any company -- and the guy I told you about, I think I mentioned to you the former CEO of Pitney Bowes, who joined my board recently. One of the first questions and I've known this guy for years because he's a personal friend of mine. He's much older, he's approaching 70, but he said to me, "So what's your D&O policy?" It's a standard question I always get and I know that a D&O policy was never obtained. I know it because I told Charles and Joe you guys need to get a D&O policy and Charles was like, yeah, yeah, yeah, we should, as soon as the sale is complete, we're going to go do that and then I said, Joe didn't seem to be interested in it, I don't know why because it was protecting him. Basically, it says it protects the officers and the directors from personal liability within certain parameters. If it's fraud, you're outside the parameters.

Now the reason I'm doing this is because I'm saying you get it, you name all the founders in there for a period of time. You gotta figure out what the statute of limitations is on some of these civil issues and so let's say it's 48 months or whatever it is, you get let's say \$10 million and you cover all the founders because you're going to be getting rid of people so you're going to have to give them something to walk away and get rid of them in a nice way and you can say look, we're going to be covering you also from any personal liability and in return, you're going to get some things like an NDA.

You're going to get their Ether back. You're going to -- the NDA will be more or less a gag order that unless it's authorities, they're not to speak about what happens because what you don't want is as soon as they leave, you guys, in a way, were lucky with Charles and Amir. I think Amir is interested in his Ether going up and I don't know that it's in his personality to bad mouth and Charles obviously it's not in his personality to have a bad mouth because he has nothing to lose by bad mouthing at this point. It actually says a lot about his character because he gave all of his Ether to Jeremy and he hasn't said anything negative about the company and from my understanding, there were no NDAs in the entire company.

Now I know Joe is against NDAs, philosophically he's against that. I don't agree with that. I mean, it's vital because what's going to happen, you can't count on everybody being a Joe or Amir because what will happen is these people will start talking and they'll be like these guys, these motherfuckers, they screwed me over and here's the shit that they did, not even realizing that they're probably putting themselves in liability. I just don't think these guys are -- I don't think that the overall team is bright enough to realize the kind of liability they're bringing upon themselves.

So, it's kind of like the criminal that brags about the heist that they did--

[01:20:00]

—from bravado or whatever and these guys may be -- it could be as innocent as that. It could be as innocent as them saying, hey, you gotta see the things that we did and by the way, they weren't even paying any attention and I was in wherever and I got hookers and I billed it to the company and they could be drunk or whatever. You don't know what it is. As long as you have an NDA, at least you can point the finger back to them and so that's really important and so there's some give and take.

Now, Gavin and Jeff, I don't know Gavin and Jeff that well. They are the only two members of the team I haven't spoken to. I don't have anything against them. I think, from what I'm hearing through the grapevine, a lot of the stuff that was brought up was brought up by them in terms of the organizational restructure.

I'm not saying whether or not -- you did tell me something that was very disturbing to me, that you were given an ultimatum. To me, listen, my first company, I don't know that I would have. Today, I've had employees give me ultimatums. They don't anymore because I make it really clear that an ultimatum is basically don't let the door hit your ass on the way out. I make sure they don't have anything on me and nobody had anything on you, but I understand that they put you in a position and you thought they were vital and they have -- the reality is, everybody here is expendable and you have to look at it that way. So yeah, you have to really look and say, how vital are they? Are they going to be onboard with the total restructuring? Are they going to be onboard with maybe Eth Dev not existing as a London entity and everybody being in Switzerland because I think that's just kind of key, you have to do that.

And I think you could probably turn this thing into a for profit entity. You go back to the for profit, so you have interests aligned. I also think you probably -- so there's question marks there and I think we have to have a separate discussion on that one, on the two of them and on the Eth Dev issue. So, we'll talk about that.

VITALIK BUTERIN: Do you want to maybe have a chance to talk to Gav separately, to hear his side of the whole story?

STEVEN NERAYOFF: Yeah, I'm happy to. Again, my goal is to keep everybody out of prison, but like I said, as long as they keep you out of prison, but by doing that, it'll be keeping everybody out of prison because if you're not going to prison, nobody's going to prison. You're the front line and so if we can protect you, everybody else is getting protected also and unless they did something just totally, that you're not aware of, that was just crazy and I don't put it past anybody to have done that. So, that I think is really important, but I do think that it's also,

I mean, from a marketing perspective, I saw the picture of Eth Dev and I was kind of, huh, that's interesting. These guys have about the best well known name, as well known as anybody in the states and they eliminate the name for the development team. I'm like, everything is Ethereum. You know what I'm saying? It's like, you're all Ethereum. You have this amazing name that you galvanized the whole community around, Charles galvanized the whole community around and Joe probably did some of that too. Gavin certainly did some of that, even Stephan, I mean everybody did that, to create that hype that brought in 30,000 bitcoin and then you go ahead and eliminate the name for the development tea? This is so much part of your community outreach, so that's confusing to people. Like what's Eth Dev and what's Ethereum and people like don't really understand it. Transparency in putting things out on the blockchain and putting our expense statement and all of that, that's all great and good, but it's also transparency in terms of how the organization is operating and a lot of that is, that it looks, so people don't really ask questions, so everything kind of makes sense. It's not just saying what it is. You can tell people Eth Dev is this and that, but it's just confusing. OK, so that's that.

[01:25:00]

That would go with your rebranding of Ethereum. The brand at this point is damaged. I don't think it's dead. That's the good news. The bad news it's damaged, the good news it's not dead. The good news is, I think your brand is still fairly healthy, so that's an important thing. You can't let your brand get hurt, your personal brand. You can't let that get hurt because that's so integrally tied to the Ethereum brand and so you want to be able to rebrand it and to revive it, your brand will help that. And I think that would take really a worldwide trip and probably centered around the launch of 1.0, where you go around and you explain Ethereum. You sell people your new vaporware but that's going to be developed for real, a very

clean cut story, to the point. Get people excited the way you did with your white paper and maybe you write another white paper, I don't know. So you also get the academic community excited again to. Because at this point, talking about things like smart contracts to the average guy and then getting more technical with the academic guy with what you had a year and a half ago, you know how fast an industry is moving. You're not the new flavor of the month anymore. You gotta become the new flavor of the month again, so if you remember, Steve Jobs is the greatest example. I mean, he came out with the iPod. Now they had a 4 or 5 year gap in between that and the iPhone. This industry is moving too fast for you to have that. A one year gap is probably four or five years in what that industry was. And so, you need to come up with what's the next thing that's going to galvanize people and another very important component to that is keeping Ether up. If you keep Ether up, your chances of people coming after you get lower. I mean, you have less pissed off people.

So, let's just see if I have anything else. You really need to look also at the conduct of the founders. You need to personally get a notebook out and after you've gone through all of the communications and all of the different things that you've archived and the Slack and whatever other communications that you've had and all the forms that you have had.

All both public and not, I think you need to really look and see what are the things that the other founders have, the quote-unquote, cofounders have done and I think you personally need to keep a notebook of that and have that and then we can talk about what damage have those things done. A very simple one would be [REDACTED] YouTube interview, the interview that went up on YouTube, I should say and again, I spoke to him about it and I told him, I said, listen, I was telling him really because I said, look, this is a concern I have for you and for the organization because of what was said and I know you didn't mean to say it because you called me and asked me for two hours what to say. And so, it just comes out the wrong way and that's why it's a very tricky thing and that's why you should only have one person answering it who really understands it. But, that's an innocent one by [REDACTED] and he didn't mean to do it. There were other innocent ones that I'm sure are out there. You still need to know about them and see what you can do in terms of damage control. And on that one, it's probably better, you would look at that one and you would say OK, you've got a couple options, you've got a few options. One is you could see if you could take down the video. Maybe that's not such a good option because maybe that would alert people to something being up and maybe people have already archived it themselves. You could do some kind of retraction, probably not such a good idea also because that probably just brings more attention to it. You could probably just leave that alone and cross your fingers and hope for the best. That's probably the best response in that particular situation.

There are other situations where maybe there was something out there that you really do want to take down. It's just too damaging. It just says, ha-ha-ha, we tricked everybody, isn't that great. Maybe one guy said it to another guy in some public forum. And you distance yourself from that person, so that's the kind of thing I'm talking about.

[01:30:00]

You have to really look at the relationship from the venture to the employees to the advisors to the partners and all of these different relationships and see was there anything else that was funky that went on there.

Then, I would also start looking, personally, you're going to need to bring in a CEO and the person probably is Swiss-based also, but it's probably somebody that's going to be traveling the world and you bring in a strong CEO. I would also now -- everybody thought I -- I think a lot of people were suspicious when I brought up Graylock and there were two guys that had strong discussions with Google Ventures and what have you. Like, I did for a reason, though and the rationale was, especially when I saw everybody, I was like, look, there is no adult supervision, so to speak here. This stuff would not be happening, you wouldn't be in this situation had you had -- let's say Andreessen Horowitz led around for \$20 million as opposed to doing it this way.

And it would have been better for everybody because you would have been for profit. You would have given, everybody was like, we're going to have to give up equity, but then they'd be doing a not for profit anyway, so who really cares? So now everybody's had to start these side businesses to make money

because everybody was in this to make money. I think you were the only one that was, money was not your primary focus.

To me, it seems like everybody else was along for the ride and I look at people's actions, I don't look at what they say. Your actions were clearly not about greed and everybody's actions clearly were about greed or indifference, which is maybe even worse sometimes. So I would look at possibly, you're going to need to recapitalize the company.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: And so, first of all, I'd get the bitcoin relationship and have somebody else handle it, moving forward and I'm happy to help if you want in that area or I can get you somebody that can help, but I think you need to be looking at once you get your burn rate, I think you got to get it to under \$100,000 a month and you also have to slash salaries.

That's the other thing. What I saw and I told you I got nauseous when I was listening to the salary discussion.

And one of the reasons I got nauseous, this was amongst a whole bunch of reasons, because it was just not the way salary discussions are handled at real companies, but one of them was the fact that I was listening to the actual numbers. I happen to be aware of what salaries are in the greater tech space.

And people were basically getting, aside from the fact that they were getting money for not doing anything just because they were a founder, so that was one issue. And I know Anthony said that some of that's been remedied, to some extent. There was a secondary issue. They were getting big company salaries. At the time, by the way, remember this was for profit at the time. They were getting big company salaries with the upside of becoming a gazillionaire. No, that's not the way it works. It's not the way it works in my company. I mean, my guys kill themselves and they're getting a third of what's on the market but they have equity and their equity has already made them multimillionaires on paper and so, they're really happy with that tradeoff and if they really believe in it, they're in it.

And so, turning it back into a for profit will allow you to keep the burn rate lower because you can say to people, look, you're not going to make \$170,000 and listen, the bottom line is this. If they don't like it, sorry, go. You're not going to make \$150,000, \$130,000. You're going to be making \$80,000 and we need to do that in order to save the company. And in exchange for that, you're going to get .75% and I'm pretty confident, I recently just had to reevaluate the whole market because I was doing a new round of stock options and so I have a pretty good handle in terms of what people's values are out there and then you get people based on the market and so, it's a win-win for everybody. The thing works, they're all going to become well off.

[01:35:00]

They're going to hopefully become rich. Keep in mind something. Everybody that was pissed at Steve Jobs when he did this and left and wasn't willing to play ball in order to save the company because a company is the only thing that matters right now and I mean, obviously a personal liability, that we talked about, but that's kind of, they're tied together in a lot of ways, not every way, but in a lot of ways, but anybody who's left, look at what they ended up missing out on. The bottom line was, they ended up going to Hewlett Packard or something and that's a boring job where if they stayed at Apple, anybody who stayed, including secretaries, are millionaires now. Tim Cook was one of the guys that came in. I think he's probably close to a billion dollars now and so, these people have to be aware, you're not Apple, but that's an example to look at, that if you can pull it off, this is what will happen.

Now you really need to sit back and do some soul searching yourself and say, can we pull it off? From a technical standpoint, are you still ahead enough of the curve and can you get, if you really slim down and I think you really do need to slim down both the objectives on 2.0 and increase, by the way, I would put more resources into external development so people building daps on the site and -- do you have a developer's kit? Do you? Hello?

BREAK

STEVEN NERAYOFF: Hi, you there?

VITALIK BUTERIN: Yeah, you were talking about some kind of developer kit and I was asking you what kinds of things you would expect in a development kit.

STEVEN NERAYOFF: Well, I mean right now I want to build a dapp on Ethereum. How do I do it?

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: I mean, normally-

VITALIK BUTERIN: Yeah, so we have Stephan's team that's working on -- Stephan has the guys working on tutorials full-time. And we're like, developing various kinds of resources for that. I guess and right now there might be a couple of Wiki articles and forum posts that I could point you to.

STEVEN NERAYOFF: Okay. So you should have -- And I was asking around and people were talking about KPIs and OKRs and different -- Those, and I don't know in terms of also what kind of business development team you have.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: So you need a business -- Here's where I would put resources. I'm talking about cutting, cutting, cutting, and I'm saying here's where you do put resources. Steve Jobs did the same thing. Cut everywhere, but then he put resources in certain areas and he said "All right, this is my future."

And so, one area that I would put that is in a business development team, and get a developer's kit out there that makes it really simple for people to create dapps on the system. So right now if I want to develop an Android app or I want to develop an iOS app, there's a really simple developer's kit for me to do that. I don't need to see your code and do all this, they're just kind of -- You've seen them, right?

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: We're looking at building one at Cloudparc.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: You know, because I told you we're going to have an API, where we turned ourselves into a platform company. And so we're gonna have an API and we're going to build the developer's kit so people can build apps on our platform really simply. We don't want them to have to worry about the complex language and what have you, because we're going to be building some custom languages for ourselves. And we want them to be able to just bam, build one and put it out there in a week. It should be really simple for them to do.

And that's kind of one of your promises that galvanized, that got people so excited, it was that it'd be so simple to do this stuff on Ethereum. Is it? You really need to do soul-searching and ask yourself that. Would you be happy if this is what was given to you, and you're an app company? You're a dapp company that has very little resources. None of these guys have a lot of resources.

[01:40:00]

And originally, the thinking was you guys were going to fund a lot of these little companies.

VITALIK BUTERIN: We do have a bursary program, and there have been a couple of companies that have already benefited from that.

STEVEN NERAYOFF: Okay, what I'm saying is that this probably needs -- this needs to be a well-oiled machine.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Because you're only as strong as your dapps. Really, that's it. Otherwise it's an Xbox with two games. I get bored after a while. And if I have to go figure out what language Xbox is in, I'm gonna say screw it. I'm going to go and do the PS4. To hell with that, it's not worth it.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: You have competition now. And so, you'll also want to have -- And by the way, I know this is all kind of disorganized. It's a lot more organized in my head, so I'm throwing a lot of things out. I think you're gonna have to get a proper board for the Swiss company.

VITALIK BUTERIN: Yeah, okay.

STEVEN NERAYOFF: And then that's when you go for the VC funding. I think you need --

VITALIK BUTERIN: Right, so a proper board for this. Okay, so it sounds as though two of the things that we need are proper operations and proper board for Switzerland. So the question is -- Yeah, so we have this problem of having to find people. And supposedly, supposedly these people are out there. And I'm willing to agree they are but you know, from the point of view of ourselves, that's -- I mean we do -- Actually finding those people basically is -- actually is a problem, because we have been trying -- We have been taking this whole hiring-people-in-Switzerland thing here since November. We have been trying to hire people since November but our efforts have basically mostly fallen flat because we've been using the wrong channels.

And so, I think that the way to do that is not so much asking us to try harder but actually finding the proper channels through which we actually can find those kinds of people. So what would you suggest?

STEVEN NERAYOFF: Well, listen. Okay, so let me take you back to 1999 and running a company in Silicon Valley. It was murder getting talent. I mean, you had people that had just come over from India that five years earlier would've been worth \$65,000 and were demanding a quarter of a million dollars and three quarters of a percent. This was one of 50 developers. Like what? And you needed them.

So what I did was I -- Initially, we had an outside recruiting firm. It wasn't just the cost issue, although we were paying a good third of each salary. And we had to give them stock options. They were demanding stock options, if you can imagine it. And finally I said, "This is stupid." We had an HR person internally that was just doing HR. I said, "No." You know what?

We went out, we found the best damn recruiter I could find. I paid him well, really well, and I gave him incentive in the company. And he went out and hired our next 50 people. It saved us a tremendous amount of money. It made us faster, leaner and he went out and he actually -- Because he was so motivated to do this because it affected his pocket. We actually structured his incentives both on the stock and on the cash side, not only on who he hired, how long they stayed on and the success of those people.

We built a whole matrix. And so, we wanted to make sure, like, if they stayed on for six months -- if they stayed on for less than six months, he didn't even get anything, any incentive out of it. He still got his salary and he had this basic stock option package, but he got a little bit extra for each person that stayed up to six months. Got a little bit extra for each person that got a review from their supervisor that exceeded -- and we were on a numerical system and a certain numerical standard.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: So they got above, let's say it was like 140 out of 200, which was a really good score. It's not a C. It was on a curve, so to speak. So that I think would be one area, one way you could go.

[01:45:00]

Because if you got somebody who -- And by the way, this person had 20 years of recruiting experience in Silicon Valley, so I'm sure there is a recruiter in Switzerland. There's tech resources in Switzerland. They have excellent universities. I mean, didn't Einstein go to school there?

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: I mean it's like, I'm sure there is plenty of Swiss talent out there. I know I've met Swiss programmers in The States. So if they made their way here, then certainly they're over there. You shouldn't be able to not find them. And you know, one of the things that you're building, is you're building -- one of your assets that you're building is a team of competent programmers.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: And that's really an asset to have a bunch of programmers with diverse skills. But you know, both in cryptography and otherwise. But in this space, there aren't a lot of people that have been able to build those teams.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: There's maybe a dozen companies that have so far, maybe. And so that's something you have to focus on because that's one of your assets. So I think it can be done. Why you haven't been able to find them, I don't know. And there are people that will -- Look at what people -- See, look for a second when there was -- Yes, it was greed, but let's just look at the positive side of it for a second. People were willing to pretty much do anything. At a certain point, they lost interest when they thought that there wasn't -- you know, those things for certain people. And I'm not saying you want those people like mercenaries. That's not my point. But there's a human nature thing that when people are excited, they're willing to do what is necessary.

VITALIK BUTERIN: Mm-hmm.

STEVEN NERAYOFF: And so, maybe moving over them is one of them.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Hold on one second. So I guess you have to look at it as -- Sorry, so let me just talk about Charles for a second. In my opinion, Charles had a lot of issues. Hold on one second, I'm sorry. All right, I have a call in six minutes and then I can be off again in an hour, and I can continue.

VITALIK BUTERIN: Right. Okay, we need to get lunch anyway.

STEVEN NERAYOFF: Okay. I don't know who else in this space -- You have to really look around to see who else is in there. You maybe want an interim CEO that can do all of this stuff.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: There are people that can do that. Then you probably need a longer term CEO. And then the interim CEO doesn't need to be, you know -- I mean, this stuff is not complicated for somebody who has been through it. I can do this stuff in my sleep. The longer term stuff gets a little bit more complicated.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: You want somebody that's got a certain level of skill sets within the industry and has got some credibility within the industry. Although in some respects you offset that, because of -- you personally offset that. And having Gavin or somebody like Gavin on board, there are others out there and offsets that also. So it's a real shame that you had three or four great minds there that could've done that.

So I mean one thing to be considered is to revisit that in your own mind. Was that the right move regarding Charles?

VITALIK BUTERIN: Right. So if it wasn't, is there a possibility of bringing him back or is that just that I could have a discussion at this point?

STEVEN NERAYOFF: No. Well I think it's both. I think you need to really look at it because I think it'll inform you whether or not it's Charles. I think it'll inform your decision making.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Because it will really -- for the next guy. I look at what

[01:50:00]

Charles' strengths and weaknesses were. Was it really the right move? Wasn't it the right move? I personally don't think it was the right move. I think it was the wrong move.

VITALIK BUTERIN: I'm skeptical as well. I basically did it because everyone else was pretty much there -- completely unwilling to work with him at all and it was clear that the project wouldn't continue if he stuck around.

STEVEN NERAYOFF: Yeah, basically the problem was that wasn't the case. You actually -- See, they -- You had the full hand. You had the full house, rather. You had the money. Okay. You owned the brand. You were the brand. You were having 20 million dollars coming your way. Nothing was going to stop. If every single goddamn person left but you and Charles, okay, it actually would've been a better thing in my opinion. You would've been able to build this thing right back up.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Because you had all the cards. So what were those people bringing to you? Nothing. I mean I'm not saying nothing in terms of like -- I'm not going to knock some of the technical people but they're all -- everybody is replaceable. You're hard to replace first of all because of your mind, because you're the founder, because you're the face of the company. It was your idea. You have the deepest understanding of it. But all that being said --

Look, let me tell you about myself for a second. I like to fancy myself as knowing a thing or two in business. By the way, the more I know, the more I know I don't know. It's like with every field, when you get deep into that field you become more humble because you realize how much there really is to know.

So anybody who is like "I know everything in the field," you know that he knows shit. You know he's a novice. I would assume with you like cryptography and some of the computer sciences and things with you, you realize how deep the field really is. And even with your mind that you have right now, I can imagine you are probably thinking in your head you can go another 10 years and you still wouldn't know everything in the field. I know I am, and I know those sciences. I don't know the sciences but I know -- I've talked to enough people to know how deep those particular areas are, that nobody really masters them after even 30, 40 years. Mathematics, you can win the field medal but there's so many freaking areas of mathematics and there's so many other disciplines that you'd need to know to really be able to understand mathematics. There was an interesting article on Steve Jobs recently who basically said the reason he was successful is because he had diverse experience in all these other areas. And that's what led to all these different products.

So my thing on Charles is you need a Charles eventually. You need an interim guy. Could you bring back Charles? I think you could. That's my gut telling you.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: I think he would be able -- He would be able to -- He wouldn't even need to be able to -- And I'll tell you this, by the way. He probably hasn't told you, but between me and you, he came to me. For everybody who thinks that Charles is juust completely arrogant and completely self-absorbed, then there is aspects of that to him. I'm not denying that. And I also consider him a friend too. But I've said this to his face. It's that, he came to me and said "Listen Steve, I recognize I have deficits as being a CEO." And he said "Can you help groom me?" And I said, "Yeah, sure. It would be my pleasure. It would

be my honor to do that.” And I spoke to him. I spoke to him about how he needed to be able to be more of a leader and being more of a leader is being a servant. And I said “Anybody in my company, every single one of them believes they’re building their company. Nobody thinks they’re building Steve’s company or a company for Steve.” They believe they’re building it. And I said, “And that takes a lot of work on my behalf. and my job is to serve my team.” Simple things like he would say, “He’s my CTO. He’s my secretary.” I said, “First of all, Charles, nobody since the 1960s uses the word ‘secretary’ anymore. Executive assistant, maybe.” “It sounds really -- That’s the kind of person that gets you coffee.” And I said “Jeremy is not.” And he respected Jeremy, you know, obviously. I said, “Secondly, nobody is your anything. Nobody works for you. You’re colleagues, you work together. I don’t give a shit if he’s the janitor and you’re the CEO. You’ll never catch me saying, ‘He works for me.’” I don’t even say that about Jonathan. I said, “Jonathan and I are colleagues. We work together.” Nobody would know who’s -- what level of the hierarchy and yeah, we have an organization chart.” And I showed Charles my organization chart

[01:55:00]

and I was at the top. And he goes, “Look, you’re at the top.” And I said, “Now turn it around.” I turned it upside-down. I said, “That’s the way it actually functions in reality.” And he got it. He still needs some work and I think he recognizes that. But I do think there’s a chance to bring him back.

I can tell you his reputation has gotten amazingly good. I don’t know anyone more connected in this space. I don’t know anybody who’s got a better strategic vision in space. I’m a big fan of his and that is with his deficits. Me with him together, I could round him out. I could work with him to round him out. But it would take some really tough decision-making on your behalf and faith on your behalf to do that. Outside of him -- And he would need to be able to feel comfortable that he’s not going to get -- that he’s got autonomy to do what he needs to do, that he’s got a board that he has to respond to, but that he doesn’t have 10 people looking over his shoulders over minor decisions. And that people report -- they do report to him.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: He needs to be able to have input into that. And you have to not worry about the CEO being more important because he’s going to bring you those other people. You wouldn’t have had any problem getting your entire development team and everything if Charles had stayed. He knows everybody in this space, and he’s still somehow -- Now, there are people that don’t like him. I’ve talked to people that don’t like him. But most people kind of do like him. They respect him. They respect his intellect and his capabilities. Even the ones that don’t like him respect him -- his capabilities, anyway. And so, that says something.

And it is a very immature field, so there aren’t a lot of people out there that Charles -- you know, has a certain bird’s eye view of things that I haven’t really seen out there. And I’ve talked to a lot of people out there, and none of them have his view of things. And strategy, he just -- It’s something that’s kind of -- He’s worked really hard at learning how to do it and it’s innate to him. So that’s something to -- I think you should really be thinking about.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: But it would take some hard decision-making. And if it was me, I would do it. I would make every effort to do it. If it was me, I’d call him up and I’d say, “Charles, I’m sorry for what happened. I feel bad about it. Here’s why it happened.” I’d apologize to him, because you -- And you’re saying you feel bad about it. Not groveling in that sense but just clearing it up. And he’s very -- I talked to him. He’s had a very interesting -- He’s been very candid and honest about his strengths and weaknesses. And I said, “Well that’s a little different than the Charles I knew before.” He was candid about it but he was still -- You know, I think getting knocked that way twice in a row, that also does something and I think that could go to your benefit. So I think you have a short-window possibility of doing something with him. It sounds like he needs to get something going. But that’s a possibility and I could -- I would say sleep on it.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: And think about it. Again, I would go that route if it was me. I would say, “Okay look, I --” A Steve, doesn’t have to be me, but if you want it to be --

BREAK

VITALIK BUTERIN: Hey, Steve.

STEVEN NERAYOFF: Hey, how are you?

VITALIK BUTERIN: I’m good.

STEVEN NERAYOFF: Good, is your head spinning?

VITALIK BUTERIN: yeah, Kind of.

STEVEN NERAYOFF: Yeah.

VITALIK BUTERIN: I talked with Gav.

STEVEN NERAYOFF: What did you tell him?

VITALIK BUTERIN: We’ve been talking about a lot of the same stuff internally actually for about the past month, over the past couple of weeks now, so I’ve basically, I mean, at the most I think the two of you really should speak at some point.

STEVEN NERAYOFF: Sure. But did you go over specifics about what we talked about, just so I’m prepared?

VITALIK BUTERIN: Um. Not that much.

STEVEN NERAYOFF: Okay. I mean, what is his take on -- just tell me where his head’s at, so I know.

[02:00:00]

VITALIK BUTERIN: Okay. So, his general stance is that first of all, he’s actually pretty much in agreement with you that everyone on the foundation, in the foundation leadership needs to be removed and replaced in some sense. He actually basically personally advocated the same thing to me about a week ago.

The whole thing is kind of a bit different because he is basically, ever since his dev got -- it was originally dev but then we’ve kind of gone back -- we all kind of realized that the brand split was a bad idea and we’ve turned it at the very least that the Eth Dev will probably try to like further merge it back into Ethereum, but he’s turned Eth Dev into basically quite a reasonable software development center with a whole bunch of people and internally there are things work, things are working quite well.

So, his general view at this point is, he’s looking to do what has to be done in order to preserve and continue Ethereum developments and he also had his own plan and so basically coming up with a for-profit, although his view is a bit different. It is kind of a bit different in the sense that he’s not really interested in doing all this sort of under the same sort of umbrella as the foundation.

I guess he’d like to see the foundation itself as a nonprofit thing basically. It ideally spun off into a charity and an entity doing things similar to what the Bitcoin Foundation does right now and put into the hands of people who are actually interested and are actually confident in managing it and then basically starting a new entity.

As far as Charles, I mean, he personally sees the weaknesses in Charles and he sees the strengths and he might be willing to have Charles back onboard in some fashion, not necessarily at the top of everything, but at least as some kind of advisor. And aside from that right now, he is trying to balance

dealing with -- he really wants things on the foundation side to support it properly as it's really distracting production and getting Ethereum done.

STEVEN NERAYOFF: Yeah, you see, here's a fundamental --

VITALIK BUTERIN: It's basically because we we've (unknown).

STEVEN NERAYOFF: Okay. I think our fundamental differences are, and reasonable people can differ, it's just that my take on it is that this needs to be run as a company, that there's a foundation and then there is a development. It's like there are two different entities and there aren't two different entities. It's Ethereum.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: And it's not a project, it's a company and I don't know of an example where, maybe Wikipedia is the only example I could think of where this was --

VITALIK BUTERIN: The example that he points to is Linux basically. Like there's a foundation. They're a for profit entity

STEVEN NERAYOFF: and your red hat?

VITALIK BUTERIN: That does most of the benefit from Linux -- yeah, basically. The Linux Foundation exists and it does some stuff, but it's more background.

STEVEN NERAYOFF: Okay. I look at it more like -- so, I had my cousin over here the other day and he works at MongoDB. So, that's a little bit more -- they have this open source database and they're making money off the open source database, but it's kind of like, they really have a lot of control over this open source database. First of all, I'm not a big huge believer in open source in general, other than for specific projects. I think you need to have a little more control over it. This is not really an open source project in its traditional sense. He's got a development team that's building it, so it's like -- I don't know, it's --

VITALIK BUTERIN: What part of the concept of an open source project do you not believe in so much?

STEVEN NERAYOFF: Well, it's different if it's for an industry standard.

[02:05:00]

Whether or not you become an industry standard, I don't know. I mean, that still remains to be seen, but you're building the platform you are building the platform, right? So, Linux, I guess what I'm saying is that if it's open source, it's open source and if it's not, it's not. If you're sponsoring an open source project, it's one thing, but it's not what this is. You're not sponsoring an open source project. This isn't an open source project, but it's looking kind of an open source structure to it. Those are two in conflict with one another. Google does sponsor a ton of open source projects and that puts it out there. Whether or not they try to monetize that in some way later on, it's a different thing. That's not what you guys are doing and you're not Google. So I guess part of it is that you don't have the resources to be able to have that luxury of taking the chance of a red hat or what have you.

And I have some differences in this whole area with a number of folks in the industry, but not with some other folks in the industry. Like, I think you have to have NDAs still. I still think you need to -- Joe is always like "Oh, it's a new paradigm. We Don't need NDAs." He actually said that to me and I was like, "What the fuck does that mean?" Like I don't even understand that, like what does that mean? You don't use a new paradigm? You don't need an NDA but you're worried about legal liability and this jurisdiction, this jurisdiction, so it's not a new paradigm? Does the SEC think it's a new paradigm? And if it is, it's not here yet. You may be at the forefront of it, but you're a little too early to be doing that, so it's very much in conflict with other aspects of it. So, what I'm saying is there needs to be consistency.

So, if this was an open source project, okay, well, so let's say OpenBazaar. That's an open source project. If there are some people in the back of their minds that want to make money off of it one day, that's fine, but that's not what -- they're running that as an open source project. Nobody's saying that we're going to

build a company that's going to make money off of it, although I'm sure eventually people will. That's eventually the goal, but that's not their goal. That's not their stated goals per se and to say that it's your stated goal that we're going to do this and then we're going to spin it out into the open domain and then we're just going to build a company that it's like, it's not really what you're doing.

Okay, so, you're building a platform, so if you look at the other platforms, like look at the app platforms, they control that. Google controlled Android. There was an open source element to it but they really did control it and then it was out there also, but they put the code out there and I know you guys are going to do that too, but in order to get developers onboard, open source makes it more difficult. You need to make it really custom in the early days and very easy for these guys to get onboard. And the open source community, it just takes a really long time and you don't have the time or resources to do it.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: And besides, it's like, do you want to make money or not? And it sounds like he does, but he wants to do it in a funky way. Now, if he wants to run his own dev company, then fine. He can run his own dev company. It's kind of like, there are a couple options there. It's like, okay, so you run your own dev company, you finish 1.0, the company has some deal with him to maintain 1.0 and he has this great group of engineers now where he could actually go out and do a lot of stuff in this space, not just with Ethereum.

And then Ethereum gets a small group of programmers, maybe some from dev and then the rest of it they hire on their own in Switzerland, it's actually just working on Ethereum itself. Otherwise, it just seems to me like you need to kind of just fold it all into one. It's a personal thing versus a company thing. Does that make sense?

VITALIK BUTERIN: mmm. Kind of.

STEVEN NERAYOFF: I mean in other words, that's his personal goal and I'm not saying it's nefarious about it. He's being very open about it, so that's fine, but it doesn't seem like that's consistent with what's best for the company, to have dev as a separate organization because dev should be working in conjunction with business development, with sales, with all these other elements and dev shouldn't be doing anything but Ethereum.

VITALIK BUTERIN: Yeah. Well, in practice right now, dev is doing nothing but Ethereum and to be honest, dev shouldn't hold operations at this point like it is also doing communications. Yeah, it is that kind of weird setup in the sense that the foundation is basically there

[02:10:00]

just to look after the funds, look after legal issues and look after itself.

STEVEN NERAYOFF: Yeah, they really can't do that.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: I mean, that's what I'm saying, that's why all of this, there's too many holes in the foundation and you don't have the resources to pull this off. So, I mean, yeah, I'm sure. I sent him the request that you forwarded to me and I'd love to have a talk with him. It's what I have to say, I don't know what he's going to like and it's not about him at all. It's about, what do I think is going to save the company? And he's got -- I don't know if he quite grasps the legal liability he personally has. I mean, he's the CTO and he's at a for-profit and things go bad, he's going to be right up there. He's going to have a mark on -- you know, Ether falls below par, all hell is going to be raised.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: So, I don't know what's more important right now, having another structure out. Maybe he can have his cake and eat it too, maybe he can have dev. You pay him a certain amount of money, maybe more than what you normally would pay and say, run dev and that's fine, but then eventually 2.0 is run by a different organization and maybe it's not him, I mean a different part of the

Ethereum proper that's a new for-profit or he just folds into that at some point and he runs that and he can keep dev to do other things.

The Charles thing, I do think he really is an answer. He's not the only answer out there but I don't know -- at this point in time, it's like you need somebody that's intimately familiar with what you guys are doing and so, it's not like really a lot of time to bring somebody up to speed, especially with the -- it's different if you had 15 or 20 million dollars or so, you don't and you had a real low burn rate, but you need somebody who's going to be able to come in and just run right off the bat. I don't know who else could fit that bill at this point.

Listen, I have a lot of respect for his work, but this is just between me and you, again, like I said, everybody is expendable. I'm expendable, Charles is expendable, you're expendable, he's expendable, everybody is expendable. What's not expendable is the company and that's the issue. I don't know, can you see that working? How do you see that working?

VITALIK BUTERIN: The thing is, right now, Ethereum isn't really a company, it's more of an idea, coupled with a nonprofit organization that happens to have some quantity of money attached to it that'll last us another year. So, if we do start a company, for example, I don't think it'll be possible for the nonprofit to put all its money into the for-profit in some fashion, so that's-- I mean, just because of stuff like that, I think the foundation is still going to have to exist, but it should be put in some proper place where it can do the most good that it can.

And I think, so basically it sounds like, I mean, Gav basically is in agreement that there should be some kind of unified, some kind of company representing Ethereum development. I guess when I said not part of the foundation proper, I think that he is more referring to and it was like not trying to set it up as some kind of a continuation of the foundation or something else, something new that would be started from an organizational standpoint from scratch or at least from, not quite from scratch, from within, let's see, with a lot of people from Eth itself and Eth Dev. So, there is a lot that's plausible to the whole thing from that standpoint.

[02:15:00]

Yeah, to be honest, I think, it sounds as though we're not too far but we have some different ideas on what the details might be. It's a matter of figuring out what those details are. It's a matter of having a plan and until there is a plan, like I'm not going to be able to say, okay everyone, we're getting rid of everyone in the foundation until we have an idea of how the foundation could theoretically be run or what commitments there were or what the future of that whole lump of cash plus an organization could be.

STEVEN NERAYOFF: Well, I mean look. I think we could sit down and figure that out and again, like I said, Charles is the best -- I mean, he understands the legal structure. I have to sit down and really figure that legal structure out because I don't know all the things that are promised to the Swiss and what have you, but I can't imagine that we can't turn this into a -- at the end of the day, this is a for-profit entity. It's a for-profit project, a for-profit company. I don't care what you want to call it. I don't care what the structure is currently, but the intent is to put this out there and people are going to make money and what's happening is because of the way it's structured, people are finding funky ways to go about making money, rather than everybody just making money off of Ethereum becoming very valuable.

So I'm basically saying you go back to the original thesis of, you don't have eight people, maybe you have three or four people and maybe you give some of the stock in that company to the foundation. Maybe that's somehow, that's one way to assure the foundation's value and this foundation has this amount of equity in the company, so if it needs to exist, everything really needs to get centralized and you can't -- here's one thing, you can't, the CEO has to run the company. Forget Charles for a second, but the CEO needs to run the company. The CEO needs to be able to make calls and if you have a CEO, in this type of company, there can be an interim CEO that we can find that doesn't necessarily need to be deep into the technology, but I think your long term CEO does.

And I think down the road, you could be that and you could do a Larry Sergey kind of thing where they have Eric Schmidt for a while and then at some in point, they've been groomed and they've learned what they needed to learn to run a large entity and then they -- I think he was more pushed out, but that's what

-- and don't get me wrong, he's an MIT guy. I think he's got his PhD from MIT, if I'm not mistaken, so he's no idiot. I mean, he's a technical guy himself, but my point is that eventually you need somebody that's got the technical expertise that can go head-to-head with the CTO, but that also at the end of the day, it's not the CTO's call, so I rarely actually overrule my CTO and it's not because I don't have the technical understanding because whatever I don't understand, I'll get somebody to explain it to me.

And I'm dealing with an area that is, even when we're doing a Cloudparc, it's never been done before and it's got more disciplines than what you are dealing with and I'm not saying it's more difficult, it's just got more disciplines. Maybe it is more difficult, maybe it isn't, but I've had a very high level of people, a Kam CTO that's over thousands of people doing projects for NASA and for NSA and for all this stuff. He looked at us and he said, you know, you guys are trying to almost accomplish the impossible, nobody's ever tried this with all these disciplines that you've got. And that being said, there are times where I won't understand something, so I'll have somebody explain it to me, then I understand it enough to be able to decide whether or not I need to overrule my CTO. Now my CTO happens to be a very reasonable person. He's very confident in his abilities, but he's very reasonable. He's like, if there's a better way of doing it than his way, he'll go with that and he doesn't get caught up -- so I'm giving you an example of a structure that really works, that I've done five times now. He doesn't get involved in the management of the company.

[02:20;00]

He gets involved in building the damn product and he's involved to the extent of doing joint ventures and we're in the middle of doing a beta, a large scale beta right now and so that was biz dev interfacing with him quite a bit, but that's a necessary element. But otherwise, there's a ton of issues that we're dealing with that are corporate issues. He doesn't get busy with that stuff. It's not his domain and it's not his expertise, and I'm not sure --

It sounds like Gav is doing a really good job. If he delivers his product, kudos, that's really good, and if he can really put out 1.0 with all of that was promised with it, I don't know if that's the case or not, well, then I give him his props, he did a really amazing job.

But that just says to me -- I'm going to put it real blunt to you. What Accord said to me that whoever was in favor of what happened back however many months ago it was, does not know how to run a company and the problem was the people that weren't in favor of it, they also didn't know how to run a company, but again, I am going to probably put Anthony in a little bit of a separate boat than other people because I think he's the only one that got it because from what I heard, he was like, wait a minute, we're not a for-profit entity anymore, he was like, what the hell are we doing? I think he was kind of shocked by the whole thing when it dawned on him, but the other people that were against, said they didn't know why they were against it other than we're not making money. I think he got it that this is not being run like a business. What is this? I don't know.

So, you need to make some tough choices and I think you know what the right answers are. I know you don't want to bump up against people, but this is a time you've got --

VITALIK BUTERIN: If I have to bump up against people, I will, but the thing is -- to be honest, yeah. This is one issue I have, it's exactly the issue that I've already said in our calls today a couple of times: basically, these Maltese (unknown) people are cool.

STEVEN NERAYOFF: I don't see that as being an issue. I really don't.

VITALIK BUTERIN: See, I do, for me it's the deal-breaker, so I mean if it's the deal-breaker for me and it turns out to be trivial, then let's work it out and figure out how to solve it.

STEVEN NERAYOFF: Well, I mean I know -- I spoke to Charles about this a while back and we talked about this. This was after everything had happened and we were doing kind of a postmortem on everything and he was venting a lot. Okay, I was listening to him and I said, well, you know, and I did ask him this. I said, I was playing the devil's advocate for a second and I said, Okay, so if Vitalik didn't do that, then what was the alternative? And I said, you know the space, you know what the capabilities of people out there are. I said, is Gavin good and he didn't knock Gavin. He really didn't. For all of the upset that he

was, he said, look, Gavin's smart, he said, he's smart. He said, there are better guys out there. He said, he's not the best in the field, he says -- but he said, he's very extremely solid and then Charles doesn't say that about a lot of people from a tech -- he's a technical snob and I mean he spent -- I had him talk to my CTO -- for a couple hours and then afterwards, he came in and was, wow, that's a really smart guy.

And what he did say though, I said the guy was put in a really tough position with you and I said, so what was he supposed to do? And he said, well, there are other people out there and I asked him, I said, well, could he get another person that could do what Gavin does? And he said yeah, he can get another person. He said, I could have gotten another person that does what Gavin does and he said, that being said, he says, I believed in Gav enough that I -- and I guess this was the case because I came in at the tail end of this discussion. This is when I started coming in. He said, when I heard that Gav was about to leave, he said I did everything to save him, to bring him back. I guess you were there for that.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: And so he said, it's not that I don't think he's valuable but he certainly didn't think he was irreplaceable. Now I'm not suggesting you need to replace him or not replace him, but it's a matter of, are you onboard or aren't you onboard, and I think Gavin needs to make that decision. And it's a real shame because it's like Gavin can have his cake and eat it too. Charles is a very practical guy.

[02:25:00]

VITALIK BUTERIN: I mean, Gav does not want to be the CEO. He does recognize the need for a strong business character to compliment him in what he's going to be doing. So, if Charles is the answer for that, then that's something that we'll have to talk about a lot more.

STEVEN NERAYOFF: I really think it is. I mean, I know I am confident in this. Me working with Charles, if he had a clear mandate where he was given basically autonomy to do what he needed to do and that you trusted me enough that I would be watching over that to make sure that he was doing everything -- not that mistakes aren't going to be made, they will be made, there's always going to be mistakes made, you know, but at the end of the day, will the company get saved and then prosper from there on out and I believe that's your --not your only route, but that's your highest probability route. That's what you're looking for at this point. You're looking for high probability with low risk. And that will mean that you'll have to have a talk with Gavin and say, look, we all just have to pretend like, everybody's going to have to swallow their pride and Charles is going to be able to have to do things, so that means that Charles is going to have to have frank discussions with him about the technology because it affects the finances and it affects the direction.

So I mean I'm not saying that Charles needs to get involved in the code, but I do remember one of the issues that was being discussed a while ago and I remember I think Amir was the one who was telling me about it, but I don't think he understood it well enough to explain it, but he was saying that there was a discussion about multiple browsers and one of the things -- there was a discussion on multiple browsers, but there was also a discussion when you talk to Google about just going right into Chrome and I kind of like looked sideways, I said, well, I don't understand.

Why are they building their own browser if they could just go right into Chrome and be in the Android market and it's the dominant browser now? Why would you not want to plug in there? That would be your easiest -- what does Microsoft do every time they want to proliferate a product? They just stick it into Windows. So I mean it's obvious, it's just a dumb strategy, "dumb" like meaning you don't have to think hard about it. I didn't understand the arguments for having another browser, let alone multiple browsers or having other languages let alone multiple languages. It sounded to me and I could be off, this is really, I'm taking a real wild guess, but I've been around enough development teams enough to see this. It sounded like there were a lot of people with personal preferences and that multiple personal preferences were being accommodated. You don't have that luxury to do that. You don't have the luxury to be able to -- I like this language so I'm going to do it in this language or I like this language, so I'm going to do it in this language, I like this one, so I'm going to do it in this one. And we're all really good at it and we're all going to do it. It's just, you need to take all the resources and make the lowest that go the path of least resistance. In this case, to me, again, I don't understand why the path of least resistance wouldn't have been to just go with Chrome. It seems like that's the easiest one.

VITALIK BUTERIN: Yeah, and that's the question that Gavin could answer much better than myself.

STEVEN NERAYOFF: Okay. So I mean I didn't understand it, but I admit that I know enough about technicalities when something doesn't feel right, I know to ask the questions, but certainly I don't know the intricacies of why the decision was made. It does sound to me like a lot of extra development was ongoing, but didn't need to happen, but it could have been streamlined. A lot of projects internally probably should have been slashed and right now you'll need to do that. You just don't have the luxury of maintaining that.

So, let him have his Dev. Ethereum will contract with that Dev to do certain things, but ultimately the CTO puts out his vision, puts out his structure, but the CEO gets to vet it and the CTO needs to understand that. That's why the CEO is the CEO.

[02:30:00]

And everybody has to kind of, it's not like he's the lord. I've already explained to you that and I've had long discussions with Charles about this, that you're the servant to everybody else, but with that being said, the CEO needs to make tough decisions and sometimes a decision is not because of development and maybe because of understanding the marketplace and saying, okay, the DAPP developers, rather than going out with another browser, we put those resources into creating a very easy to use development kit that even a very underfunded or some guy that's half as good as Roman, could come and build 10 DAPs in a month.

That's what you want. That's the Holy Grail. That's your vision for this. You're flying in the face of your own vision. So, I think if he had a clear mandate,

I think there's a little bit of healing that needs to be done, but I think I could broker that. Everybody kind of needs to say, Okay. The downside, Gavin just needs to understand his downside. His downside is, he's out of business and he's going to get sued and he's going to get investigated.

VITALIK BUTERIN: He is being investigated.

STEVEN NERAYOFF: I know and he put it out there in the public domain, but that was for apparent money laundering was it?

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: Okay. So he's not in a very good position right now and what I'm saying is, this is offering him an ability to save his ass and potentially also, still come out the hero, but he has to -- everybody has to swallow their pride. It's not about pride, it's about the organization. So, Charles comes in. I could even come in if you needed somebody on an interim basis, if Charles couldn't come in immediately or something or I can work with Charles to create a new structure, a new for-profit and rebuild the brand and everything under that new entity and I have to figure out the intricacies of that, but I could do that and Charles and I worked -- the reason I'm saying this is because I know when Charles and I worked together, we worked really quickly, really fast and we got the impossible done. He pulled a rabbit out of the hat there, I pulled one out of the hat here.

If you remember, I said to you, I gave you my word when I left Toronto that I will get you the opinion letter and you guys asked me how, and I said, I have no freaking idea how. I said, but I'll get it. And I got it and Charles went on to Switzerland. He had no idea how to do it. You work hard enough, you plug away and you eventually get it if you are persistent enough and we work very fast together, so I think that can be done and then you figure out an equity structure that works and then you go -- I don't think your brand is damaged so much so because I think you're still at a place where you can say, okay, you've got one benefit to you where right now you can turn around and say, okay, you can go to an Andreessen Horowitz, you could go to Greylock.

I have strong relationships there, no benefit, personal benefit, I just know the guys there, but you could go back to Google Ventures and say, look, and a couple of these guys already have their place. I forgot who's behind Ripple now. Somebody put money into Ripple and somebody put money into one of the

other guys and so some of them have already placed their bets. Maybe they're willing to place a second one, I don't know, but the point is that you go to these guys and say, look, we were young, we made a bunch of mistakes, we've decided to restructure.

We've also decided we need to bring in real institutional assistance, people that have really been around the block and you can also blame a lot of this, like the price of Ether fell and they're going to be like, why the hell didn't you hedge your position? And be like, look, we kind of trusted somebody and you know what? You have to take the responsibility for that, but you can say, look, I trusted this guy. This was his background. Wouldn't you have trusted him too? This wasn't my background.

So, they allow for that, they understand that, but I think you've got to -- this is not an indefinite space. There are some fortunate things and the unfortunate things that happen in the marketplace, you can flip them around and use them as defenses, but I think you have a limited time to do that.

[02:35:00]

Then I would just literally clean everybody out.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: And what I would do is, if you wanted to do it, we would come up with some kind of structure about how I fit into this, but I would be watching over the whole thing and make sure that it went smoothly and I'm confident I can do that if I've got the right players and the right cooperation. You have to make sure I get the right cooperation. I can help get the right players. I'm confident with Charles onboard and his contact level and your name and the people that you know out there, if the word got out that you guys were looking for any position, you would get a ton of interest out there and we'd be proactive about it. We'd be very proactive about it. We'd actually go into the community.

I know last time I talked to Charles, he started rattling off a whole bunch of people in this space that he thought could do an amazing job at building something. We were talking about building something, more of the NewCo stuff, not the last time I talked to Charles, but when I talked to Charles at one point and I do remember I talked to him specifically about Gavin on that too. I said I would keep saying, at Gavin's level, at Gavin's level and he would say, oh no, this one's better than Gavin, this one's not as strong as Gavin, this one's -- So he was trying to be fair in his assessment. That would be my suggestion.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Do you want to sleep on it and we can talk again tomorrow?

VITALIK BUTERIN: Yeah, I think so.

STEVEN NERAYOFF: Where is Gavin?

VITALIK BUTERIN: So we're sitting together in the office of Deja vu. It's a security company based in Seattle. He's I think in a meeting right now, I'm downstairs working.

STEVEN NERAYOFF: Oh, you're in Seattle.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: I'm sorry, why are you in Seattle?

VITALIK BUTERIN: Because there was a company that's doing security audits for us is based there.

STEVEN NERAYOFF: Oh, I see.

VITALIK BUTERIN: I'm working with them for a week.

STEVEN NERAYOFF: Alright. And look, don't get me wrong. I am not advocating -- that's why I said from the beginning of this conversation, I said let's take Gavin and Jeff and put them in their own bucket. Let's have a discussion sans them first and let's put Charles in his own bucket because I think those need to be

handled very gently and very differently and I do recognize the value that he brings, especially if he pulls this off.

You know, he pulled a little rabbit out of his hat too if he pulls this off, you know, and he really releases something impressive at 1.0. Is it going to be impressive to the community, do you think? Do you think the reviews are going to be?

VITALIK BUTERIN: Yeah, we set high expectations.

STEVEN NERAYOFF: I know.

VITALIK BUTERIN: I think the kind of excitement that we're seeing right now is different from what we've seen before. Before it was, oh my God, this is Ethereum, it's going to change the world and that's going to be really big and Ether's going to go up a lot.

Now, there's a lot more emphasis on the actual development platform and how we see it as developing tools and writing applications and I think that that's a more important thing for us to have at this point and that's been going quite well. And it seems to be impressing the developers already.

STEVEN NERAYOFF: I mean, if I were you, I would get a couple of industry people you trust to come in and really vet it and look at it. And then build a marketing machine around that for the launch. Do you have a marketing plan for the launch?

VITALIK BUTERIN: No, we were actually talking to someone this morning who looks like he might be interested. But the plan basically is that we're planning to have some kind of advance two or three weeks after the launch and that's basically the large conference, get a lot of people in so we showcase that.

STEVEN NERAYOFF: So, I think you need to reverse that.

VITALIK BUTERIN: a few weeks before launching it?

STEVEN NERAYOFF: Yes. And the reason is, again, look at -- it's nice that I can keep using Apple because it's just a really good example in so many respects here. But look at what Steve Jobs would do, it was very similar to when he would launch a new product.

[02:40:00]

And he would have the Macworld and he would do his thing and he would be sitting there nice and cool and calm and he wasn't the only one that gave presentations by the way during those things. They would have their head of marketing, they would have somebody else, they would bring in one or two of their partners and he would say, oh, look, and he would show off -- you're not really showing off the platform.

The platform really, look, at the end of the day, the platform is irrelevant. I'm not saying what it does is irrelevant, but nobody gives a hoot about the hardware of my Xbox. They care about the games I can play on there and now all of the other things that the Xbox does.

VITALIK BUTERIN: At this point I think, we should be marketing to developers or to users and I think that the sort of combination of highly technical users and developers is probably still the better thing to go for.

STEVEN NERAYOFF: Well, you should be doing that all along is what I'm saying. That you should be doing all along, but I think this would be -- look, you can have it a two part thing where you're having one part, but it can all be bunched in the same because everybody here has got some level of sophistication. Now, there's a lot of people bought ETH that don't, that they bought it for whatever purposes they bought it for, we're not going to say, but the reality is, you have that really like to blow people away and have two or three DAPPs.

Like, for example, when Apple launched the iPhone, I don't know if it was the original, I remember one of the launches, they actually, even aside from their own maps tool, they were highlighting Google Maps because Google Maps had a couple of functionalities that they didn't, so even though they had their own

maps tool, so they were actually showcasing somebody else's because it highlighted the abilities of their system, of their platform of what it can do. And so he took three or four apps and he said, hey, look, and I remember he took some picture app and he's like, look at what you can do with this and look at how amazing this is, but the point was he was showing off the beauty of the system through the apps. Now you also I think can have, if you can develop a really good developer's kit, especially before launch, that you should have had all along, but you can have that and maybe release it then. At the very least, you should release it or maybe you release it a few weeks before, but I think that's key. I don't see how you don't have one of those.

VITALIK BUTERIN: Right.

STEVEN NERAYOFF: Is that helpful?

VITALIK BUTERIN: Yeah, I think so. I don't know much else to say right now except that we should probably continue these conversations.

STEVEN NERAYOFF: Sure. And Ross Albricht was just convicted.

VITALIK BUTERIN: Yeah, I saw.

STEVEN NERAYOFF: Yeah. Look, there are a lot of people that don't want to see this space succeed, you know that.

VITALIK BUTERIN: Yeah.

STEVEN NERAYOFF: And you just don't want to give them anything. You know, we put all these protections in place, don't get rid of them for no reason. Do you have Brian Armstrong's email address by the way?

VITALIK BUTERIN: Yes.

STEVEN NERAYOFF: I've been trying to connect with him.

VITALIK BUTERIN: _____@.com

STEVEN NERAYOFF: Oh that's it? Okay. Never mind. Thanks. Alright. I'm around tomorrow if you want to like -- why don't you sit on this, sleep, think about it and then let me know what you want to do.

VITALIK BUTERIN: Okay. It's good.

STEVEN NERAYOFF: Okay. Thanks! Have a good night.

VITALIK BUTERIN: You too.

[02:44:03]