



EXPERT INTERVIEW

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Q&A with Raihan Anwar and Colby Holliday from Friends with Benefits

TEAM

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Q&A with Raihan Anwar and Colby Holliday from Friends with Benefits

By Jan-Erik Asplund



Background

Friends with Benefits is a community for Web3 creators built on the \$FWB token. Raihan Anwar is co-founder and community developer at Friends with Benefits, and Colby Holliday was an early member of the community. We hosted a Q&A with Raihan and Colby on the [Sacra Discord](#) to discuss social tokens, decentralized autonomous organizations, building a cohort-based community, and FWB's \$10M raise from Andreessen Horowitz.

Interview

We'd love to hear the story about how FWB got started, how you got involved with the project, and a little bit of background for folks who may not be familiar.

Raihan: It's almost a year this week. I spend way too much time on Twitter. I always tell people the same thing: "I am so sorry if you follow me on Twitter. It's not my fault I get to write whatever I want." All the interests you touched on are on full



display there, and one of them is spending too much time in the music world. I did that professionally many years ago, and so that's how I know Trevor, who's at Brud and runs Lil Miquela. His tweet was simply, "Hey, if you like crypto, DM me your ETH wallet address. I got something for you." It was 50 FWB. I thought, "Okay, cool. Crypto. Whatever. Who cares? Big whoop." Then, "Hey, can you connect to Discord?" I was like, "Okay. You have my interest. How do you do that?" Then I got into all the Collab.Land connections into Discord, and I figured out that crypto is a viable signalling mechanism for people who want to token gate experiences. We first built it out as the community and chat room of our dreams. A little bit of Super Future, a little bit of NikeTalk, a little bit of Kanye to The. We went from interest-based rooms in Discord to thinking about all of our artist friends who had a really hard time because of COVID. They had no touring income and had to figure out how to make money. We thought this crypto stuff might help. My mandate initially in growing the community and how I became a contributor was literally thinking, "Who are the funniest, smartest people I know, and how can I get them in on this internet house party?" No pun intended.

Colby: A lot of you all know I'm not the biggest crypto maximus in the world. It's stuff I find interesting. I was talking with some friends who were musicians and not touring, similarly having a hard time because of the pandemic. I had been aware of some of the social token things that were happening, but I didn't know a whole lot. I talked to Trevor and was like, "Hey, dude. What the fuck is all of this? How does it work? Can you just give me the mechanical basics of it really quick, or point me to something so I can get up to speed?" Trevor's response was, "No, man. Just send me your ETH wallet, and I'll let you come hang out with this community." I thought okay, but I had no idea what was really going on.

I got in, and it was just "Oh." Huge learning opportunity, huge amount of awesome people, and it was this organized machine. This was February of this year, about six months after it started, although I think at that point it was still just season two if I remember correctly. (We can go into that season thing in a bit.) It was already one of the most well-organized communities I had ever seen. It was rad. I was just stepping in and seeing the intersection between music, art, finance, and tech. It's a really unique community and a lot of fun to hang out with.



What are users doing in the FWB Discord?

Raihan: I think initially, based on that user cohort I spoke about, it was people trying to figure shit out at the same time. In December or January, people were asking, "What are NFTs? How does this interface with my body of work as an artist or as a creative person?" All of a sudden, you have a smart contract engineer stepping up, saying, "Hey, I can help you with that." You have someone who understands tokenomics and crypto fundamentals saying, "Hey, I can help you build out a social token platform," or something like that. I would say the early energy was people getting really excited about owning their own creative destinies. That's what I see day in and day out. People who are pushing the edges of art and tech figuring out - - to date myself here -- how to go from DeviantArt to Myspace to this, saying, "I used to make JPEGs for fun, and now I'm actually getting paid for it. I can pay my rent."

That's what a normal day looks like. People are saying, "I made this thing. Who can help?" Or, "I have this weird idea. Where do we take it from here?" Like Colby said, it's the coolest people talking about -- I don't know, death metal coffee events all around the country. You name it. There's a very strong kind of early-message-board energy where we talk about everything except crypto.

Can you tell us what a social token is?

Raihan: A social token is basically a derivative of Ethereum, if you will. Without getting too DeFi heavy, you can establish a pool of Ethereum and create another token based on that. As more people buy, sell, or trade this token, or the value of any underlying asset goes up in that pool, the value of the token itself goes up. When we first started, one FWB was maybe a dollar. At some point last week, we crested around \$200 for one token.

Can you describe how cohorts work? You mentioned seasons. What season are we in? What makes a season?

Raihan: Initially, we had a small entrance fee of 50 FWB, and we voted to increase that threshold every three months (a period we call seasons). We took that idea from Fortnite because we realized that, without the changing of time, you have stagnation in communities. Every season has a different



theme, whether it was creative collaboration, no new friends, or -- what we're going into with season four -- which is the city of the Metaverse.

Our initial impetus behind that for us as a core staff was, "How do we 10x value for people rather than compromise on price? How do we give you more? How do we make sure you're engaged and hooked and willing to support even further, rather than say, 'Shit, I'm likely to get ripped off. This sucks. I'm out.'" That was more for us, as staff, to make it harder on ourselves and invest more of our time and energy into the community, and that's paid off.

Colby: I can talk a little bit about what the impact of these seasons is. What they're saying is, "You're gated into this community by a few things, but the biggest is 'Do you hold enough FWB?'" You link a wallet to a bot that checks the amount of FWB you've got in that wallet. If you have enough, you can see the different channels on the Discord servers. You get a different role in the server.

The amount of FWB you need to hold goes up every three months or so, and you can earn FWB by engaging with the community, by doing different things. Because you can earn it as well as buy it, it incentivizes a lot of folks to earn it: to go in and engage and be helpful, create cool shit, do whatever because they don't want to have to pay.

We're talking about creatives here, so some of the folks are stacked in the crypto world for sure. Some of these folks can just fart out an extra 75 or 100 FWB and not even worry about it, but there's a lot of folks to whom it's a huge financial incentive for them to come in and work on something. That's rad because these folks are doing really fun and interesting things that aren't what you'd typically get funding for to create.

Over time, will the amount of FWB tokens increase, decrease, or stay the same?

Raihan: Actually, I'll add some more color to this. I mentioned liquidity pools, underlying assets, etc. We were using a third-party provider for this service initially, and they got hacked. We lost almost \$1.5 million of liquidity. Anyone who's providing liquidity as a service got slammed super hard, which sucked. Based on that, we created a membership. Our initial token



supply was 10 million tokens, and we actually cut that down to one million.

A million tokens were minted, and it will always remain at a million tokens. There is some inflationary attribute there where our seasonal gate at some point may shift from being increments of 1, 5, or 10 FWB to increments of .05 or .01 FWB. We might even retool our SourceCred system in such a manner that existing contributors are able to get in easily because it's automated, and people who join later will have to have something like a stronger proof of work or concept.

Colby: This is actually one of the coolest things. This happened right after I joined. In establishing this initial pool of FWB, there was a service called Roll that was used. It turned out there was an exploit, and a bunch of social tokens got hacked one night. Tens of millions of dollars worth of tokens were liquidated on the open markets, which drove the value of FWB down from -- I want to say it was \$50 or \$60 per token, something in that range -- down to fractions of a penny.

At that point the team was 100% on, everyone was trying to figure out what was going on and preserve what value they could. They realized, "Hey, this is a lost cause. What we can do is mint a new token." Now, this has pluses and minuses. They put it to a community vote and let the community decide what would happen. The community decided, "Yeah, let's mint a new token." They established a bunch of new liquidity providers. I don't actually know how many folks from the initial liquidity pool there were, but people were putting up hundreds of thousands of dollars for initial funding in order to get this new FWB Pro token off the ground. (When we say FWB tokens, we mean FWB Pro now.) They took a snapshot of how much FWB everyone owned at a certain time pre-hack, so you couldn't game the system super well, and incurred thousands of dollars more just straight up airdropping everyone new tokens. I mean, it sounds like on paper this is the right thing to do, but it's hard to stress exactly how much people had to come out-of-pocket to make this happen. It was really rad to see.

Could you explain some of the use cases, incentives, and benefits of this DAO?

Raihan: I think DAOs as a larger catch-all term are super interesting. For those uninitiated, DAOs are "decentralized



autonomous organizations" where the hope is that smart contracts and the underlying code replace a lot of the friction of running a traditional company. How that plays out ideologically, structurally, and directionally is super interesting. Something like Bankless, for example, has a charter that's really leaning in on DeFi as a means of crushing the existing centralized banking system. If Bankless had their way, everyone would just have an Ethereum wallet. Then we'd all be on L2, which is another permutation of Ethereum, where everything wouldn't have to deal with this kind of overhead gas charge.

To Bankless's point and to ours, every single DAO needs some level of communal structure. For us, we have membership, editorial, and treasury. All of those feed into each other as a means of boosting the token price at one level and also boosting the cohesion and organization.

If a DAO doesn't consider structure, then it'll just have a bunch of people swarming together and moving aimlessly. Or it'll have newcomers join in who are having the worst time ever because it's like going to a party where you don't know anyone. There's a lot of potential there, and one thing I've seen a lot of is people talking about community managers and community builders really being the linchpins of a DAO because they're the ones who provide the social structure, like a general scaffolding, on which others can build.

Colby: The role community managers play in this world is really interesting because what you're essentially building with a DAO is a group of semi-acquainted friends who have some purpose. It's like a friend co-op that's trying to do something. In FWB's case, trying to do a lot of somethings, and that's maybe what we should get into in a minute. If you think about when you join a new company, there's always that one person who organized all the onboarding documents, who tells you where everything is, who knows how to get your laptop riser ordered quickly. Maybe they're in HR or something. It makes your experience of the first couple days or weeks of joining the company infinitely better.

That's one of the main roles of community managers. It completely changes the dynamic of how people engage and create value. I remember starting off in February or so: I got on board, I talked to Raihan a couple times. But there was no one who said, "Hey, this is where stuff's happening. Go check it out." Or "Hey, this is what's up." The community was young



and hadn't gotten to that point yet. Now I see new folks popping into these channels, throwing heavy ideas out there, and immediately interacting.

We'd been talking about this FWB wiki/knowledge base for a while. Finally, someone else brought it up, and a couple of other folks and I were like, "Yeah, let's finally just go build this." And four new people raised their hands and said, "Hey, we want to help. We've been in FWB for three days, but fuck yeah, this looks awesome." It's a really interesting dynamic for how to build things socially.

Could you talk about how big FWB is? How many teams, what folks are working on, and how that drives value for the tokens?

Raihan: We're approaching nearly 2,000 members. Like any other org, we have people at the top of the funnel who are our membership folks. After the token crash, if we were strictly going off token holdings, we would have had trolls clogging up the Discord, and we didn't want that to happen. So the first cohort we established was a membership team. This is a core group of 12 folks from all different walks of life who approve people's membership. Even if you have tokens, you still need to pass this gate of human curation.

The second group is an editorial cultural team. This is where we're thinking about what are the cultural products of Web3 and how can we take lessons from the past and energize into the future. We have a weekly digest that we call TLDR for all token holders. If you hold one FWB, you get access to a weekly digest of everything that happened in Discord and everything that's happening with Web3. This year, because it's on audio, we're really gunning for people like 2PM and all these other fancy newsletters. I think it's a worthwhile investment if you haven't checked it out.

Treasury is in stasis right now, as we're closing out this raise round. There are so many different core primitives in the DeFi world and the NFT world that we haven't fully explored and latched onto as FWB. We'd like to do more of that with treasury. One part of that will be speeding up M&A as we figure out, "Do we want to pick up other DAOs? Do we want to buy other key pieces of important Discord tooling that other people are building?" Because everything we've done is in-house.



That lends itself to my last part, which is product. The product team is basically a software dev house of the future. We have Mike Bodge, who is based in Portland, spearheading all of it. Initially, that started with just building out custom Discord tooling. It went from there to building out token gated ticketing services, token gated newsletters, etc. I would say that, by the end of this calendar year, we'll have our hands in a couple of different verticals where we're really experimenting with and exploring what it means to have an on-chain identity and how that can interface with the real world.

I can actually rewind a little bit and say the first couple things that put us on the map were these token gated parties, one of which we booked in Miami for Bitcoin week, and the last one of which we booked in Paris for an Ethereum developers conference. Instead of having a regular ticket, you could show the QR code that was tied to your ETH wallet, and based on your holdings, you were either approved or disapproved to join. We're basically just going nonstop with all of these smaller projects. As these grow, we'll have opportunities to license them out, spin them out to other projects, etc.

Do you see any overlying trends or demographics around people buying FWB, people joining the community? Is it a lot of Gen Zs and a lot of crypto natives? First-timers?

Raihan: I'm going to nip this in the bud because it's something that has irked me a bit. Ethereum is not cheap, and I think entrance into FWB over the last couple of months has definitely been out of reach for a lot of folks. Our demographic does skew a little crypto native -- people who are able to, for example, purchase Ethereum at like \$100 or \$300. For them, it's not a hit in the pocket. That's one huge group of people in the community. Another cohort of people who've entered are Web3 business folks or people interested in Web3 on the business side.

Those can be relatively stagnant pools. Again, that's part of our deployment of seasons and part of our deployment of scholarships and fellowships that we just rolled out on a vote yesterday. We really want to make sure there's a positive tension in the community of people who are trying to learn about how Web3 interfaces with the creative practice and how Web3 interfaces with the business practice. So while there are trends, we hope to stay on our feet at all times.



The fellowship proposals are a really good example of how a DAO can do cool shit. Could you talk a bit more about that?

Raihan: Fellowships were personally important for me right off the bat. Because if my initial mandate for FWB was, "We're the coolest people doing the coolest things, and how do we get them in," at some point, price shouldn't be an issue for them. We really wanted to expand this out to a variety of vibrant voices: the LGBTQ community, people who don't have access to crypto wallets, you name it. If you're curious, we want to make sure this is your first hook. We want you to consider owning your own identity and celebrating your own work in a way that's vibrant.

Something like scholarships is our way of correcting a certain tone of voice in the Discord for people who are kind of "privileged." So we put that vote out there. Fingers crossed that it passes with little pushback. At some point, I laughed really hard because someone accused us of reinventing affirmative action for Web3. We have a governance channel where we put up all of our project proposals. People can debate them before we put them up for a vote. This fellowship proposal was quite contentious for all the same reasons. As someone who comes from a long lineage of political scientists, I was like, "Oh, I read a Supreme Court case about this. I know exactly how this ends, so I'm going to nip this in the bud right now."

Colby: It was really cool to watch this roll out in real-time. For the folks who haven't seen how something like this could work in a DAO, basically from the start, Trevor and some of the other folks were just airdropping tokens to new people. At one point, he was literally like, "Anyone who responds to this tweet is going to get 100 FWB into the wallet," which now seems crazy because at some point last week, that was worth more than \$20 grand. At the time, it was worth \$10 or something because you couldn't liquidate these things.

So from the jump, Trevor was always trying to get people who were new to crypto. The OG team's characterization of what FWB is was actually an on-ramp for creatives into Web3. For the first couple of seasons, there was this background effort of, "Hey, who knows someone who's really cool who can speak about X?" Or "Does someone have a really cool friend who just



can't afford FWB?" At that point it was up to a few hundred bucks, it seemed reasonable. We thought, "We'll just gift it to some cool people who want to come in and jam on music, or jam on food, or jam on whatever. Art, film, those sorts of things."

At some point, though, gifting FWB caused a lot of confusion in the community. As the token price was going up, the community was asking, "Well, what are we expecting of these folks?" I know I raised my hand for one or two people who came into the community. They got tokens airdropped and then didn't do a lot. I felt pretty shitty about that. I was trying to get them engaged, but they didn't really get it. The community raised their hand, and a few people said, "Hey, we want to make this better."

Every month the budget is proposed, and it's something the whole community votes on. We decided to allocate some tokens to a couple of people to put together a proper fellowships proposal and what that program would look like. People voted on it, it was accepted, and they created this fellowships proposal, which was really well thought-out and done super professionally because people were actually paid to do it and not just asked to do it for free.

It's now up for a vote to the whole community. People are able to decide based on how much FWB they hold, which is the strength of their vote, whether the proposal goes forward. Do we allocate 18,000 tokens to letting people in who wouldn't otherwise be able to afford it so we can proactively create diversity of the crew? There's no central decision-maker in any of this. This was all about the community rallying around it and getting it done. For those who were asking about how does shit get done in a DAO—that's how.

Raihan: Something like this took about two to three weeks to go from inception to this vote. I would say a majority of that time was really people honing in and building it out as needed.

Let's switch gears and talk about the A16Z investment.

Raihan: So far, we've just been talking about FWB as just a Discord community, a DAO. There's been a lot of external attention on FWB. The one thing I absolutely love about what happened was that, since we've started and since we've thrown parties and gone out there and been really good at



Twitter and shipping product, we've had a variety of funds and firms get in touch with us saying, "Hey, how can we bulk purchase FWB? How can we invest in FWB?" Full transparency, we never went out and solicited at all. We just had firms keep coming to us, and a16z finally stepped in and said, "Hey, we'd like to lead a fundraiser for you guys because we really believe in this bridge of IRL and URL community."

We set up an event with them a couple of weeks ago at Zero Bond in New York. True to FWB spirit, it wasn't really a button-down affair. It was just chilling at a club with some music in the background, some drinks and snacks. The remainder of our investors are people who all of us staff members and a lot of community members had met with in person, whether it's Steve Jang or Brian Watson or Tina He at Pace. All these people were contributors and community members first, and stepped up and said, "Hey, we want to invest, and we want to share in the upside and the downside and go through this with y'all." A large thing about the way this round worked was that these people demonstrated what they knew about us rather than us pitching to them. They demonstrated where they see us going in a year or two, three or four years. That was sick.

Were the investors part of the community, either as a part of the diligence process or by accident?

Raihan: Everyone who was in was relatively long-time community members, whether they were posting actively in the Discord or just haranguing us on DMs. They've all been in there for a while. The nice thing is no one was lurking. Everyone was really in there. They all bought to get in. They went through the whole process. We didn't sweetheart them in at all.

Colby: Some of them got in super early, too. I know Chris Dixon joined somewhat recently, but Tina did a talk about crypto investments in May. She's been in and popping around for a while.

Raihan: Tina's been in for a while. Brian Watson, for example, at Spark -- we hung out in Miami. Actually, that's how we met. It was just friends of friends saying, "Hey, you need to talk to this guy. He's tight." Steve Yang also. He got in March-ish of this year and has just been lurking quietly. And Li Jin also probably since January or February. All of our partners are



actively watching the health and quality of the community, and all of them, thankfully, are willing to delegate their token votes to community members to make sure there isn't a dilution of ideas.

Colby: This was one of the things that came up in the conversations in the governance channel and some others, which is, "Why should we sell? Why should we create a sweetheart deal for them?" That's maybe not a correct characterization of it. At the time we started talking about this, token prices were around \$25 per. As soon as the investment conversations were made public to the Discord community, prices jumped to around \$90. Then when the information leaked out of the group, it started peaking up above \$100, which was very strange to see.

At some point, the community was like, "Well, why do we give them this sweetheart deal on tokens? Why is this a thing that we should do?" There were already plans about early FWB member liquidity, and I think that's still up in the air. At the end of the day, this is a publicly traded token. a16z could've come in and bought \$5 million worth of FWB at any point, and they would have temporarily driven the prices up really high. Then long-term, they could have actually manipulated the price however they wanted and taken it really low. They would've had this crazy leverage against FWB to do what they wanted, theoretically. I think in other social tokens, this has actually happened.

What was cool about this setup was that the investors are in a lock-up, just like any other kind of investor situation. They have to hold on to the tokens for a certain amount of time. They can't exercise for a year, or two, or four, or something like that. Before we even started talking about this, Chris Dixon, who's done this before, said, "Look, we're going to allocate 50% of our voting shares or the majority -- some large percentage -- to crypto organizations that understand what you're doing and are aligned, so they can make the correct decisions on behalf of the community. And we're not just swinging our big wallet around and making sure that whatever we want happens." It was a very community-positive way of interacting with them, and it was a very non-Web2 traditional investment structure engagement. It was cool.

Can you speak a bit more about the actual structure and the legal entities involved?



Raihan: We're still finalizing the legal entities right now, and we're leaning toward a C corp for this. Unfortunately, that's the extent of my knowledge at the moment. One of the things that's very tricky in bridging Web3 and an investment round like this is making sure the taxation events aren't going to wreck us. We're building out a whole post on this, and we're going to share that with the wider world once it's all locked in.

What's the relationship between the community funds and the DAO?

Raihan: Our treasury is out there and available for everyone to look at. The company and the DAO are relatively synonymous, to put it that way.

There's just one million FWB Pro. It's distributed by people who are buying, trading, selling. I'll pull up our wallet just for kicks. You can actually take a look at our finances in real-time. We have a little over a quarter million in FWB tokens, with the current value a little under \$30 million U.S. We have some Ethereum, and we have some Whale tokens as a result of a token swap earlier this year.

Can you talk about the mechanics for how folks earn FWB? I think people might be familiar with staking and some of the financial incentives for providing liquidity for different projects, but in terms of social tokens, how do you earn FWB once you're in the community?

Raihan: There's a bot called SourceCred, which monitors almost all the interactions in the community. We weight it actually initially on emotion reactions on Discord. If someone is insightful or funny or just a top-tier shit poster, we're going to react, and the system will tally up all the reacts. Initially, we had a couple of different weights, but now we weigh all the reacts equally. People who are the most insightful will gain FWB at the end of the season as a kind of member dividend, if you will.

Every community in FWB has its own little pot of funds to distribute to engaged community members. We'll give people FWB for attending, for example, a weekly coffee time chat or doing a newsletter blurb.



So it's like tasks, and you're being rewarded for your contributions to the community?

Raihan: Exactly. Even just hanging out -- as long as you're not like an NPC, to put it in video game parlance -- you're probably going to get at least some FWB. For example, the top earner last season was Nick Hamilton, an Australian graphic designer who was a really mean but sweet curmudgeon on the internet, and he's extremely funny. He got all the reacts, and he ended up making, I think, 70 FWB on the season.

Colby: To put it in context, the next season you only needed to hold 75 FWB in order to maintain access. That's a non-trivial amount. Most people, if they made anything, made in the 10 to 20 range, which was still more than enough to cover the difference for most seasons.

Do people liquidate these or do they hang on to them? Do they go into Uniswap and turn them into more ETH? How do people interact with these tokens?

Raihan: I've seen all of those things happen. I've been very surprised to see how many people hold tokens. I think some people, around the time of the initial raise announcement, did sell off. But it's always been in smaller amounts.

Colby: Part of the benefit of the FWB community is you can do this. You can sell off whenever you want, and this is real money. For people who haven't used Snapshot before, you can look in the Snapshot to see the votes that Raihan posted earlier, like how much FWB some of these folks hold. For some their ENS address should tell you exactly who it is, but with a lot of folks, it's just their wallet address. There're some folks with pretty hefty investments in FWB right now.

Earlier we were talking about how, if Andreessen wanted to, they could've bought \$5 million on the open market. How do you prevent bad actors or activist investors? In a world where there are hedge funds that go out and buy a bunch of public stock, and then they rip the board out and change the direction of the company, how do you prevent that from happening in a community like yours?

Raihan: I've always thought about FWB as an in-group out-group where token speculators are free to purchase or trade



the token as they see fit, but not everyone can join the community. So much of our proposal building goes on as face-to-face or as collaboratively as possible. We haven't yet experienced someone being like, "All right, we're going to buy up X percentage of FWB token supply."

I'm not an artist. I'm not that cool. If I go in and buy enough FWB tokens to fulfill the requirement to get in, what does the rest of the vetting process look like?

Raihan: Right now, our current acceptance rate is about 40%. You can purchase your tokens, and then you go to fwb.help/join, and there's a really short membership form. You tell us about who you are, your interests, what city you're closest to. Once you fill that out, it gets piped into a Discord channel where other members vote on the applications. If there's a community ballot and someone says, "Hey, I really want Colby in the group," then they'll put in a note. The reason we do that is, as I said, we don't want just the Ethereum or crypto nerds in there. We want people with decent experience and decent human beings to be in there and enjoy our company.

Colby: There's definitely a risk of gate-keeping and filter bubbles propagating through a scenario like this. I think, luckily, this hasn't been the case because the type of people who were originally interested in running the membership team weren't doing it for a financial incentive. They wanted to make the community better, and they wanted to make it more equitable.

The number of bad actors who've made their way into FWB is basically zero, at least into the Discord. There are so few shitheads I've seen. Honestly, I can think of one, and I can think of one dude I thought was a shithead, and it turned out he was actually kind of rad. He was just very opinionated around the Roll-hack time period. On paper, I would have expected it to have devolved, but the team is putting in work, and there's a lot of intent to it.

At some point in the future, though, I expect someone will find the breaking point. Someone will figure out a way to fuck this up. I'm also equally trusting of the team to figure out how to make it right. Again, they've gone through this trial-by-fire with the Roll hack and some other things, and they stepped up. The core team -- Raihan and a bunch of other folks -- has kept it



above board the whole time. At some point, you do have to just trust humans, which is a cool thing. You have to trust humans again, not just code being executed on a blockchain.

It sounds like the voting mechanism is tied to how much FWB you have, but also that FWB isn't enough -- there's membership as well, and once you're a member, your FWB gives you voting power. Is that going to be enshrined in a legal entity? Is there going to be something like, when you have a shareholder vote, your shares are going to be equal to FWB, or something to that effect?

Raihan: I'll be honest. I don't think we see ourselves spinning out another "round of shares" for investors. If you're buying in, you're buying tokens. Everyone who has a token, whether you're .05 FWB or more, can vote on these Snapshots.

The way a Snapshot vote works is that, at the time the Snapshot vote is created, there is a literal export of all token holders and addresses: Who are you, and how much FWB do you have? What's your voting power? If someone decides they want to buy a bunch of FWB for the sake of gaining a vote, the Snapshot mechanism precludes that from happening. That's one mitigation against bad actors.

The other one is if you want to be in the Discord to build policy, you can. If you just want to speculate and vote, you don't need to be in there. You can just go in and vote. Over time, is it possible that someone can buy up FWB weeks in advance of a vote? Yeah, that could happen. But what I've seen in a lot of other DAOs is your whales -- your large investors -- are often regulated by a swarm of smaller investors who are far more interested in the overall health of the community.

Colby: You've got to think about the ROI on this. In order for someone to have a deciding vote on something like the VC token purchase, they would have had to have spent millions of dollars on FWB tokens just to vote "no" on it, and then what? If they're not in the community, they don't have any stake in the process. The community could easily watch that and say, "Okay. Well, let's create a different proposal that most people will agree with that prevents this kind of thing from happening."

They don't have a voice in the community itself, the actual steering of what's happening. That's where a lot of the power comes from -- building consensus from within the team, from



within the Discord. For someone to spend millions of dollars to buy up FWB, they wouldn't be able to do much with it other than vote. You can always build a proposal that precludes that from being a problem if the community agrees that's what needs to happen.

Where do you buy FWB from when you're entering the community? Do you have to find someone who already owns FWB and trade it? Who owns the one million FWB right now?

Raihan: That initial one million FWB -- we had to mint it. That was a hit. Anyone creating a social token or another alternative currency has to mint their currency to make it visible on the blockchain. From there, if you as an interested speculator want to buy FWB, you can do so through Uniswap. There are a variety of different exchanges, but for a few different reasons FWB is on Uniswap for trading, and we offer rewards for liquidity providers through Uniswap. What it means to be a liquidity provider is you stake Ethereum in the equivalent amount of FWB token, and as a result of providing this liquidity, you get a cut of every transaction. I think it's a third of a percentage point. The token itself is publicly tradable.

Let me make sure I understand this. FWB are all basically allocated. So, the initial minting costs whatever the money was to generate that many pegged tokens to Ethereum. It costs some Ethereum to mint the initial set of tokens. Then the people who minted it have those tokens, and now they're trading the tokens on Uniswap or one of the other platforms to newcomers to the community, right?

Raihan: Right now, all of the tokens are locked up in our treasury. Yes, we're trading out to folks, but also Uniswap, as a decentralized exchange, has a bunch of the currency floating around. People are buying and selling with each other. If someone does sell off a bunch of FWB, someone else can just search that peer-to-peer via Uniswap.

Colby: Functionally, for a new member, all they need to know is go to Uniswap, click the FWB thing, swap ETH for FWB, send it to a wallet, and that's it. That's way more complex than a lot of people are used to, so that's its own challenge, but it's pretty easy. You go to a place; you buy a token.



I'm not an expert on the mechanics of liquidity, so forgive me if I'm mischaracterizing, but the way to think about it is: A million tokens were minted. Some percentage of those tokens are held in the treasury by the FWB organization. Some amount of those were staked to liquidity providers who put in large amounts of money, knowing that they're going to be the ones providing liquidity on places like Uniswap, and they're going to sell for way less than if they had just bought those tokens and held on to them. The benefit for them is they get a percentage of these transactions for being a liquidity provider. So long term, ostensibly they'd be making more money. You're buying from these people who said, "Hey, I'll throw money at you to make this work in the short term, hoping that long term this will be worth more to me."

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