

The Governance Conflict that split The Guardians of Cardano



The *Guardians of Cardano* has presented itself a major **Governance challenge**, which it couldn't overcome and eventually has led to the disintegration of the Group. This split was already officially announced on the Forum (<https://forum.cardano.org/t/statement-from-a-few-members-of-the-guardians-of-cardano>), however the post has been made private after Andreas started a poll for that.

I would like to write about a **lessons learned** regarding the Governance aspect of this story as I find it particularly interesting how a group who all shared their strong passion for Cardano and had good intentions ended up in a North – South Korean relationship.

I would also like to take this opportunity to **respond to some of the personal attacks**, which has been formed towards me.

A. The birth of the Guardians of Cardano

One of the most interesting aspects of our group was that we gathered together in a way many of us have never ever spoken to each other, we had **nothing more in common than our love for Cardano**. The highly diverse group was spread around the World in all Time zones (Canada, China, Japan, Germany, Italy, Netherlands, Belgium Norway, and USA) and we all had very different education, professions, lifestyle and experience.

The unique characteristics of the Group was that we played the game “Liberate the Cardano Foundation” **behind closed doors**, which established our recognition and reputation. All our interactions were done in the name of the “Guardians of Cardano”, and we provided the image of a

unified, united and uniform group of people, without showing any individual differences, qualities and performance.

This eventually worked very well until we were busy fighting with Mr. Parsons (the previous Chairman of the Cardano Foundation). This **common goal**, to fight with a common enemy was all that mattered. We were so much focused on the mission that nothing else disrupted our interest and suppressed our concerns.

However, there was a point after weeks of silence following the second letter when it seemed that this war with Parsons will be a long one, we will have more a marathon than a sprint ahead of us. This brought up some questions, how are we going to sustain? The amount of manpower and financials were significant enough to consider this problem. We couldn't just go on for months as we did investing time and money endlessly without receiving any compensation.

At this point I have thrown in a question in the form of a poll whether “shall we setup ASAP a sustainable business model for the Guardians”. This was the first time we have moved our focus from the narrow Parsons Mission to a wider **question about the operations and future** of the Group.

Surprisingly the poll quickly presented a 7 – 0 (out of 11 Guardians) strong agreement. However, one of the Guardians (Markus) had his concerns about mixing the Guardianship with any sort of income (profit or non-profit) and said he will leave the group because of this, “over and out from my side guys”. He claimed that the independence of the Guardians will be compromised with such a scenario. We had a strong disagreement on this. It was heartbreaking to see someone announcing or threatening us with his leave, while Parsons was still on board in the painful silence.

The next day or two out of the blue Parsons resigned and suddenly we got some amazing **feedback and credits** from the Community and also from prominent leaders like Charles Hoskinson. The brand was truly born. It felt to be good to be a Guardian, you were proud of what has been accomplished together with the support of the Community.

I would like to express again the appreciation and big thanks to the 6097 people who signed the petition and the Swiss Community who showed some exceptional qualities when reporting the matter to the authorities. And let's not forget the UK Community who was prepared for a live protest and have already made investments for that purpose (Parsons resigned the day before the scheduled protest.). Also, it was great to see so many creative Parody Accounts created by Community Members, big appreciation to their work bringing some humor into those sad times!

Personally, I had absolutely no issues having everyone as a Team sharing and benefiting from the credits equally this is what's team spirit always meant to be, and which is why I took it hard when Rick told me months later that I have no idea about Team Play. My problem was rather whether the control and influence within the group should be also shared equally irrespective of performance. But more on this a bit later.

B. Drawing the Baseline

So here we stood, a group of 11 members of the Community with some exceptional accomplishment and having the CEO of IOHK telling that he expects we will be around providing oversight for all the entities and happenings in the Ecosystem. To be fair we took ourselves very seriously, maybe overly serious, but everyone lives in his own bubble, the question is always the distance from reality.

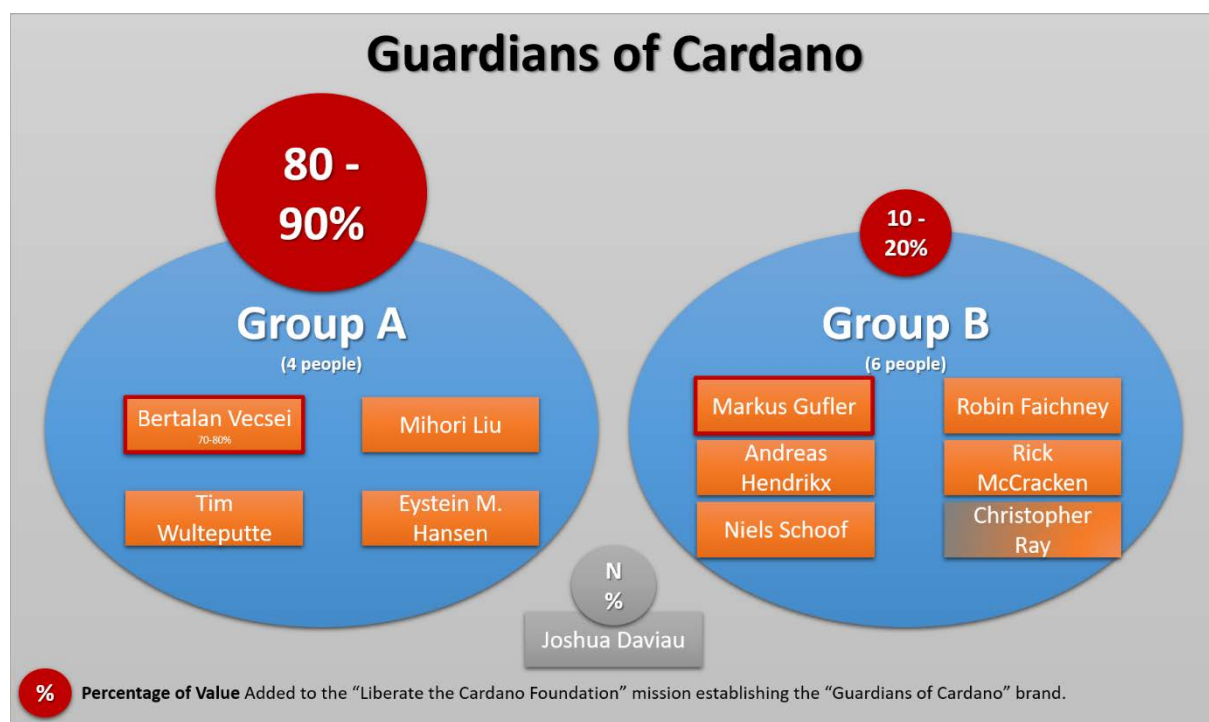
With the win the staking pool debate just got an entirely new context and we had Markus step back into the game convincing some who voted for a staking pool to change their mind and let us be

rather a charity and voluntary organization with limited reactive function (even considering to only act when called upon). I personally don't believe such loose, unfunded and hobby organizations may achieve results of significance (unless they employ fanatics), and it was clearly the people who contributed much less the ones fighting for this option.

Only many weeks later, when I was removed from the Group did Markus mention that he wants to setup a private staking pool (to showcase the energy consumption usage of the Proof of Stake Protocol), which I believe would have been a Conflict of Interest to operate along the Guardians staking pool. Such **hidden agenda** was never brought into our attention and does explain his lobbying.

Group A had the expectation that a **professional non-profit, regularly audited Organization** (an association registered in Norway or Switzerland) may live up to the oversight expectations, having to develop proactive, predictive and preventive capabilities processing all the mass information generated by the Ecosystem.

From this point it became clear that the Group, which was united to accomplish its core mission, was really divided on how to continue. The sides were forming in the Group and we ended up in a **Governance nightmare** as shown in the below picture.



While we were 11 members in the Group, the **efforts and value contributed to the Parsons Mission varied significantly** having few people basically not really adding value at all, while others were "pissing blood".

It is fair to mention that everyone did eventually add value at least twice when they signed the Open Letters publicly with their name. This created more legitimacy for our claims and served also for spreading risks.

We had a **Group A who had 80-90% of the efforts and value**, while **Group B had 6 people of majority** in their group. Who is entitled to lead? We had a different answer to this question.

C. The Measure of Performance

Clearly it is hard to precisely quantify **value and effort added** in such complex ventures, however in this case when splitting this particular Mission to (a) Communication, (b) Content, (c) Strategy & Leadership, (d) Investigation, (e) Expenses and (f) Infrastructure categories it is possible to draft some reliable figures.

- (a) Public **Communication** (and related creative content) was 100% done by **Group A**, including all social media (Twitter, Reddit, Cardano Forum, Emails, Change.org, etc.), contacting authorities, journalists and even calling a pub in Hitchin.
- (b) **Content** was 90% in **Group A**, writing both the Open Letters, the Petition and Petition Campaign, preparing the Parsons Network Graph (was a nightmare to do in PowerPoint), building a few pages on the website, etc. Big credits here to Tim, who designed the amazing owl concept and logo and the superb Petition Campaign Form! The name, “Guardians of Cardano” was also originating from **Group A**. From **Group B**, Markus prepared an animated slideshow, a few basic web pages, Niels added elements on the Timeline of Events, and Rob acted as our grammar corrector, while Rick read up the two open letters on his YouTube channel.
- (c) Monetary **Expenses** to pay for pulling papers from various registries reached 450 EUR for **Group A** and 50 EUR for **Group B**. We had 10.000 ADA “donation” received by Rob, first he didn't announce how much donation we got and from whom, just that we have some ADA and when he left our Group he never said what happened with this budget. Weeks later he clarified that Chris and Rick was donating to us via him, but they took back their donation based on Rob's recommendation.
- (d) **Strategy & Leadership** was fully driven and managed by **Group A**. This included things like expanding the investigation from Parsons to his network and putting pressure on them, for instance by organizing the protest. Generally the mission, tasks and timeline were exclusively driven by **Group A**.
- (e) **Investigation** was 90% **Group A**, having Joshua (being neutral not being in any of these internal Groups for private reasons) with some really good and valuable findings.
- (f) **Infrastructure** in terms of website hosting was provided by **Group B**, while the domain, G Suite account was with **Group A**.

Worth to mention that some members of **Group B** were away for many days, some for even weeks for private reasons not showing up or giving any sign of life during the Parsons Mission.

It is possible to go into more details, line item by line item and apply additional metrics and measures (number of pages, tweets, emails, relationship connections, web pages, strategy decisions, etc.), but unless the **Group B** doesn't explicitly ask for that it feels unnecessary. They know these numbers themselves anyway.

The Debate

Our Governance tool was limited to what the Telegram Channels allow, a simple dumb public poll. So, we ended up debating and discussing our future in the **public “democratic” polls** and needless to say the **Group B** with more members started to take the lead and show the direction we should be heading.

This was hard to accept from **Group A** perspective, that no matter our overwhelmingly higher level of contribution our votes and influence did still count the same and that the Guardians of Cardano was heading to a completely opposite direction then we in **Group A** were actually hoping.

Some of the key questions, which were brought up and the groups could never agree upon were the following:

- Which are the key responsibilities of the Guardians of Cardano, what belongs to the cause of Guardianship and what does not?
- Should people who had significantly more contribution and added value to the Parsons Mission (which in the end established our “recognition and reputation”) have more influence and decision power regarding the future of the Guardians?
- would having the Guardians become a non-profit, audited association (registered in Norway / Switzerland) operating a staking pool to compensate reasonable and justified hours and expenses end up in losing our independence and credibility?
- In case of a split should the group who clearly added more value and effort to the Parsons Mission have the right to carry on the brand to their group?
- Shall we delegate the Guardians of Cardano ideology, responsibility and brand to the Community and drive such an open Community movement?

The below table summarized the difference in terms of the preferred vision of the Guardians of Cardano for the respective two Groups.

GoC Characteristics	Group A	Group B
<i>A. Operations</i>	Proactive	Reactive
<i>B. Capacity</i>	Medium Effort (1-2 h/day in average per member)	Low Effort (10-15 min/day in average per member)
<i>C. Organization</i>	Legal Accountable & Responsible Entity, Association (CH / NO)	Informal
<i>D. Group Dynamics</i>	Open Group, Recruit new Members from Community	Closed Group
<i>E. Responsibilities</i>	High variety of Guardianship Tasks, Audit the Foundation, Roadmap Progress, Treasury Financed Projects, Cardano Hub Performances, Staking Pool Operators, DAPPS, ADA Market Manipulation, Ambassadors Performance, Health of Ecosystem, Rate of Adoption, 3 rd Party Wallets, etc.; support Guardianship Movement, DAO Foundation Research	Emergency Situations
<i>F. Sustainability</i>	Non-Profit, Regularly Audited	Charity, No Income
<i>G. Membership Restrictions</i>	No Profit Ventures in the Ecosystem allowed	Any kind of Profit Ventures in the Ecosystem allowed
<i>H. Control</i>	Staking Pool serves as primary income, in case of low performance and reputation, staking decreases, have to scale down and the other way around;	NA
<i>I. Scaling</i>	In case revenue allows pick up new responsibilities and recruit new members from the Community.	NA
<i>J. Main Risk</i>	Without income, limited functions	Might die off in a very long sleep



Weaknesses of the Governance

To mitigate the issue that certain people are unhappy with the direction, I have suggested to introduce the form of **transparent public polls**, where every individual decision would have been published to the Community allowing for **Group A** to show its own identity in Public. Obviously, **Group B** was not happy about doing such polls, which eventually never got published.

Past decisions were added in this new context of public poll protocol, so we may expose the differences among the individuals. This was referred to “repeating and reformulation of lost polls” by **Group B**, while it was simply applied to let individuals take accountability and responsibility for their decisions by confirming them in public, there was no united “Guardians of Cardano” brand to “hide behind” anymore.

There was a **loophole in the entire polling mechanism**, we left it open for individuals to change their decision after voting, while not having any clear agreement around who and when a poll is decided and may be closed. This left room for lot of manipulation and politics.

At one time for instance Andreas arbitrarily closed a poll at 5 – 5, which was asking whether the **Group A** may take the Guardians of Cardano brand with themselves when we split. After his action we agreed that he may create future polls but will pre-discuss them with me to allow for feedback before starting a new one, which agreement he didn't keep. Therefore, I deleted his poll at 6 – 0 as all the comments on the side were not incorporated and I have added them into a new poll.

Other things like who may initiate and when a poll was also not agreed creating a lot of tension. Unfortunately, or luckily (?), there is only one poll bot available in TG, maybe because it never meant to support Governance, but rather to decide about whether to have Pizza or Burger for dinner.

To summarize our Governance was relying on a very primitive polling mechanism, which still allowed a lot of room for interpretation on how it should be applied.

Other essential aspects of Governance were also not defined, such as New Member Policy, Leave Policy, Delegate Votes Policy, Ban Policy, No Show Policy, Misconduct Policy, etc.

There was a situation when suddenly Andreas added a new member from the Community to our Group (who left voluntarily later), without having the group ever debate and agree upon it. Or at another time Andreas announced and quit our Group voluntarily and suddenly appeared back a few days later after changing his mind.

Weaknesses of Communication

Another key issue was on the **Communication** side, which is the essence of a functional Governance. It's hard to believe but we never ever had a single Google Hangouts Call or any kind of video conference over the 2-3 months I was within the Telegram channel, but rather had all our communication on-going on Telegram chat on some days having 500-1000 messages exchanged.

This introduced another problem being not all the Guardians could follow up this extreme message flow, while they still had to vote on the polls. This meant that some Guardians only saw snapshots of a complex and long discussions, but then had to vote on the poll without having eventually listened to all options and opinions. I especially feel that Rick and Niels were misled by **Group B** and they didn't see the objective argument in its completeness rather having been influenced by others in **Group B** and personal relations.

Honestly how could you expect someone to read this crazy number of Messages when having a professional work and family on the side? Some of us took a lot of damage in these areas to keep up with the tempo.

Another issue with the Telegram chat is that it's easy to misjudge the patterns of communication. For instance, in my case I have written a hell of a lot (having my skin on my finger cut along the nails due to the heavy tapping on the handy) trying to argue certain subjects. This might have been seen as being aggressive or overly enthusiastic, while it was rather trying to do my best to explain complex topics to people in a very limited format. We had discussions about the difference of for-profit and non-profit organizations for days, which should normally take maximum 10-20 minutes to newbies. Consequently, this created a lot of frustration for both the explainer and the listener.

I have tried to change our Governance approach in the end and suggested dynamic (goes up and down over time based on performance and cumulative value added) weighted votes with draft indicative numbers (10 Bert, 5 Markus, 5 Tim, 4 Niels, 4 Mihori, 3 Rob, 3 Rick, 2 Eystein, 2 Josh, 1 Chris, 1 Andreas), but this was immediately ignored and seen as an attack of changing “democracy”. Rick was heavily challenging whether looking at the indicative numbers 25% voting power is fair for 70-80% of effort and value added to the venture. I believe it would have been, especially considering the dynamics of weights over time allowing people to increase or decrease their influence.

The dirty End Game

Combining the primitive communication infrastructure, with the very limited and incomplete governance capabilities and having the pressure and urge to move on, invited unfortunately **false play** into the game.

In the showdown all admin mods were taken in the TG Group by Andreas so he will make sure no one will ever kick anyone out in the very emotional discussions (my instincts had a bad feeling about this), then he deleted not much later the public poll I have created standing at 5 – 5 and finally created a poll without keeping the agreement that I may review and comment on it beforehand. At this point the **situation was escalating so severe and fast** that I stopped the domain pointers for the www.guardiansofcardano.com not to point to the Infrastructure operated by Markus in **Group B**. I was worried that this would allow for additional surface of attack and announced that it will be frozen until we come to reasonable terms.

Group B was claiming at this point that the password has changed for all the **social media accounts**. Indeed, it did as they were created and managed by me from day one without anyone ever going there. They all had extremely weak passwords. But they were changed weeks before **Group B** realized, when we went live with the second Open Letter being afraid of Parsons & Friends who might procure hackers to break them. The reason the **Group B** didn't notice this is simple, because every piece of communication on all the social media channels were written by myself. Including both the Open Letters, the Petition and so forth... basically everything you might have ever read from the Guardians.

Another method of false play was the **use of publicity** to get support and justification for a certain matter. At some point after Rob voluntarily left our group (but I invited him back a few days later, how ironic), brought the entire internal issues to the Community Telegram Channel and later to the Cardano Forum (<https://forum.cardano.org/t/the-future-of-the-guardians>). It was surprising to see Rob who left the Group arguing about the Group's future spending more effort over 2 days then he did during the time he was part of the Group for 2 months. Airing your dirty laundry to the Community was not a good idea. But when the same happened later by **Group A** announcing their final

statement of the split then members of **Group B** felt offended and angrily jumped on the topic how inappropriate it was that we announced this without them. This was clear double standards.

Another example for false play was when Andreas **kicked me out** of the Telegram group and cut off all the communication lines. This was done without any previous sign, debate, discussion or agreement just in a sudden emotional state of him, for which he later found support from the members of **Group B**.

But this was not enough, and my **character assassination** progressed after Andreas formulated the previous message to one of the leaders in the Cardano Ecosystem with lies like (“everyone was against Bertalan”, “we had to remove Bertalan as part of the Guardians of Cardano movement”, etc.) signed by the members of **Group B**. There was no “we”, it was Andreas and the others were afraid I would discredit them, so they decided to discredit me. Never did they consult or agree upon this methods with **Group A**. Here it was heartbreaking to see Rick and Niels support this shameful message. The sentence that **Group B** has “removed me from the Guardianship movement” I found especially arrogant, as you may remove someone from a Group, but not from a Movement he believes in and have fought for.

My **discrediting** followed up on Plutusfest where **Group B** continued spreading the word that I have been kicked out of the Guardians. From the Group, which I have named around the Guardianship ideology (<https://forum.cardano.org/t/sustainability-of-cardano-decentralized-organization-governance-for-cardano-guardians-priests-doctors-fighters-scientists-wizards-inspectors>) and added 70-80% of effort during the Parsons Mission, which established its reputation I was kicked out by a Guy, who literally didn't do anything but posting pictures from his dinner dishes... it was a surreal and morbid situation.

In this **systematic power play** you may note that the members of **Group B** had one big unbeatable advantage, which is they were much better connected in the Cardano Ecosystem. Rick with Cardano Effect, Markus – Rob – Andreas with the Ambassadors program and Niels / Katsumoto as a prominent figure on Twitter.

What eventually worries me, that you can't build the foundation of a successful global and diverse Community on members who have questionable ethics, morals and judgment? I have serious concerns when power, money and influence is given in the hands of people who have shown such a questionable behavior. Here there was something at stake, but not hundreds of thousands of dollars from the Foundation account.

Obviously, I have all the TG logs, Forum posts and everything recorded would any of Guardians challenge the truth in this article. Also, I have offered this many time, I would always be open to a public Livestream debate with the members of Group B regarding any of these topics.

Lessons Learned

But let's come to the part I hope other Community Groups may learn from in the future. Here are some of the key lessons learned from this story from my perspective:

- (1) Before debating and making decisions on any serious topic in a Group you should have **mature Governance & Communication capability and practice** setup (in our case latest when Parsons resigned we should have focused on this, no matter how much time it takes, it's worth it). Careful consideration has to go into the decision-making process, into the Group membership management processes and also to Communication patterns and standards. Such as summary

reports have to be prepared to keep members who can't closely follow the discussions up to date.

- (2) Teams will always have very different contributions to their venture and there are certain benefits people may equally share, but others should be earned. You can't just claim that irrespective of your size of investment and contribution you are entitled to equal share of everything. This is a communist philosophy that simply doesn't work in a startup environment or anywhere else in the Western World. For this reason, **continuously monitoring and agreeing upon performance and dynamically incorporating** this into decision making, benefit paying, and other capabilities is very important.
- (3) You always must **adapt your communication** methods, infrastructure and policies to the need. For debating complex topics, it's impossible not to have video conference calls. It also allows to see emotions, mimics and other important aspects such as recognize if something was written with irony. Whenever presenting such complex topics it must find the right presentation format visually showcasing the Story. Just having read maybe 10.000 messages about the future is extremely overwhelming and boring. We must accept that online debates simply do not have the same dynamics as face-2-face debates.
- (4) There is always a **possibility to step back** one or two. We felt we must come to terms and agree as soon as possible, it would have been much better to freeze the entire group for a month or two and let things calm down before things go so personal. When a story ends up on the downhill and you see the point of no return on the horizon, then halt.
- (5) Critical decisions should take effect with some delay. In the haste of things, under strong emotional influence people do stupid things. I am sure Andreas have regretted kicking me out of the group and maybe some of the Guys from **Group B** have regretted of signing such a shameful, one-sided message with lies to a leader in the Ecosystem. **Urgency is sometimes overestimated.**
- (6) **Airing dirty laundry in public** is a very bad practice. We have built up the Guardians of Cardano brand in a couple of months, which image was severely destroyed in a matter of days. Publicity should not be used to take advantage of or to manipulate towards our needs. It always backfires as it did in this case.
- (7) When you have the **opportunity to recover the relations, you should.** We have met at Plutusfest, but none of the **Group B** Guys did eventually go into discussing what has happened, they still felt that the way things went down are normal and justified from their side. Had basically no discussion with Rob, very little with Markus and I only saw Rick who was open for recovery. Eventually I think Rick is a very nice guy, with a good heart and intent, but made a bad judgment from snapshots of information he has seen. I was surprised also to find out that even when I contacted Niels to speak about the issue, he never came back to me.
- (8) Keep always **respect to group members** no matter the heat and argue the topics, which are up to debate and not the person. I have been called "Emperor", "Corporate Guy", "Old Fashioned and Centralist", "Liar", "Top-Down Guy", "Tyrant", "Autocrat", etc. One of my favorite claims **Group B** made, which was that "Bertalan was a good wartime leader, but he is a terrible peacetime leader". I was never given the opportunity to lead after Parsons resigned, **Group B** took the lead I was trying to challenge. My apologies here to Markus, as I have called him a "Master Manipulator". When there is no respect and language loosen up, this is where irreparable damage is made, and trust is imminently lost.
- (9) If you end up in a Group with people you don't know, you should dedicate time early on to get to know each other's personality outside of the work context. This also allows for having arguments, discussions, reasoning and solving of conflicts in another context. All of us being remote and never seen each other's face (well except Rick we all knew and some of the Guys

met up already) you cannot judge if **chemistry** will work. It's better to come to this conclusion early on in the personal context, then face it later on the work context. Getting to know each other only through the work is not healthy and may project a different personality.

(10) The people with the stronger network can always “eliminate” you if it becomes their interest. I was surprised how fast and efficient some of the **Group B** members were in making me look like a fallen Guardian, a “maniac” and so forth. So, whenever you end up in a Group, make sure you do some proper **background check** (I was busy investigating Parsons, not our Team) regarding how well people are connected in the domain. There was a case when I questioned how Andreas wants to participate in a Top-Down movement such as the Ambassador Program of the Foundation, when he wrote “Who said i would?”, with proper background check I would have seen he is part of that Ambassador Slack communication already.

(11) When someone is arguing for something that looks unreasonable, illogical, against best interest or suspicious there may be a chance this person has a **hidden agenda**. An agenda he may not reveal at that point for any particular reason such as confidentiality, conflict of interest or simply to keep a strong position, but one that explains past behavior and politics once revealed. In such case it's the best to have members of the Group to be confronted and commit to certain limitations, have a public statement that would fully eliminate if any hidden agenda would exist.

Community First

There is one more reason, which is beyond my personal attacks or the Guardians themselves why this letter was born. At the Plutusfest I had multiple members of **Group B**, Markus and Rick coming and mentioning that the Cardano Foundation **will likely consider one of the Guardians to become a board member**.

At that point I got excited myself, thought that would be such a nice opportunity and applied very quickly for the position sending an email and motivational letter without having any official application process or official communication at hand.

But something kept me and Eystein struggling, something was missing at that point. It was you, the Community!

Even after having invested the supermajority of effort into the Parsons mission I don't feel more entitled for such a position than any of you. There are so many passionate, highly educated and intelligent people in the Community who should be given the chance to apply, campaign and be measured. This is an opinion we all share among the members of the **Group A**.

For this purpose, we have sent an email to the newly elected Cardano Foundation board asking them to expand the candidates for this position to the 6097 signers of the Petition or even to let anyone from the Community to apply if one can show sufficient support from the Community.

Just imagine the amount of valuable creative content, number of relationships, the excitement and strong media coverage such a Community Program would generate, this unique once in a lifetime opportunity would inspire and strengthen the Community as no other in the crypto space.

To have the Community's voice on the Board is a great idea, but for the Cardano Foundation to truly restore its trust it needs a board member from the Community, that was voted in by the Community.

More on this will hopefully follow up from the Foundation, we are in good hands with the new Board!

The Future

Even after it seems being discredited in the Cardano Ecosystem by the very well networked members of **Group B**, I will not leave it as I do care a lot for Cardano and I don't think **Group B** should have the right to extrude anyone, especially who did lot of massive sacrifices to bring some tangible value. I also owe a lot to the Guys I respect in **Group A**, who supported me to let us succeed together and stood out for our rights.

Eventually **Group A** will spin off from the Guardians of Cardano (which brand will be kept frozen) as the **Cardano Watchdogs** (www.cardanowatchdogs.com coming in Q1/Q2 2019).

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