

By hand

The Maker Ecosystem Growth Foundation
C/- JP Management Services Limited
23 Lime Tree Bay Avenue
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PO Box 10176
Grand Cayman, KY1-1002
Cayman Islands

1 April 2019

Dear Sirs

The Maker Ecosystem Growth Foundation (the "Foundation Company")

We act for Messrs. David Currin, Denis Erfurt, Thomas Pulber, James Reidy and Kenny Rowe in their capacities as directors of the Foundation Company.

We set out below our clients' position with regard to recent events concerning the corporate governance of the Foundation Company, which culminated in a request by the Chief Executive Officer of the Foundation Company, Mr. Rune Christensen, that our clients resign or be replaced as directors on the basis of wrongful allegations that our clients had engaged in a "*conspiracy*" and breached their fiduciary duties as directors.

In summary:

1. Our clients have at all times acted in accordance with their duties and in the best interests of the Foundation Company.
2. Our clients deny that they are parties to any "*conspiracy*", and that they have acted in any way improperly or in breach of their fiduciary duties.
3. Our clients' reputations have been damaged by the wrongful allegations made against them. These allegations should not have been made (and should be publicly retracted), and the ultimatum that our clients should either resign or be removed as directors should not have been issued.
4. In any event, any purported removal of our clients as directors of the Foundation Company other than in accordance with the laws of the Cayman Islands and the Articles of Association (including by the CEO purporting to act unilaterally to remove our clients as directors) is legally ineffective. For the avoidance of doubt, our clients continue to be directors of the Foundation Company.

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5. Bylaws may be adopted by the Foundation Company only in accordance with the laws of the Cayman Islands and the Articles of Association. On the basis of the information known to our clients, the proposed bylaws provided to our clients by the MakerDAO General Counsel, Brian Avello, on 22 March 2019 have not taken effect. Certain provisions in those proposed bylaws would in any event be ineffective as a matter of Cayman Islands law.
6. Despite the above, our clients remain committed to the success of the MakerDAO project (the “**Project**”), their roles as directors and the business of the Foundation Company, provided that the Foundation Company operates on the basis of generally accepted principles of good corporate governance; that the directors of the company have confidence in the supervisor; and that the role and duties of the board of directors are properly respected.
7. Our clients are hopeful that mutual trust can be restored and look forward to working constructively with the relevant stakeholders to resolve these issues as soon as possible so as to allow full focus to return to the advancement of the Project.

Background

We say at the outset that the ostensible factual basis relied upon by the CEO to purport to remove our clients as directors of the Foundation Company is unclear and requires a proper, detailed explanation.

Without prejudice to the above, the allegations against our clients appear to arise from a Signal chat group started by a third party on 27 February 2019 that our clients, among numerous others, joined to discuss informally proposals intended to address certain concerns that had arisen regarding the management and direction of the Maker project (the “**Purple Pill Discussions**”). Our clients’ collective participation in the chat was minimal.

The Purple Pill Discussions were neither conspiratorial nor clandestine; they involved a large group of people engaged in the Project in various capacities exploring ideas with a shared goal to protect and advance the Project. The CEO was made aware of the substance of the Purple Pill Discussions, and the proposals being discussed were always intended to be the subject of further discussion with the directors of the Foundation Company and its executive management, including the CEO.

On 22 March 2019, General Counsel at MakerDAO, Brian Avello, contacted our clients via email to request that they attend a special meeting the following day to discuss “*urgent things on the regulatory front*”. However, this meeting was a pretext for the CEO to confront our clients regarding the Purple Pill Discussions and to demand that they either resign or be removed as directors of the Foundation Company.

The CEO then convened an “Emergency All Hands” meeting, attended by in excess of 60 people, on 25 March 2019 at which he stated, among other things, that:

- (a) Our clients had engaged in “*conversations about the strategy and budget without informing all board members or the executive team*”, which “*violates the terms and good faith aspect of their role as board members and potentially weakens the strength of the overall Maker project*”.

- (b) By doing so, our clients had sought to *“sidestep management and the rest of the board to enact a plan and in doing so, without declaring this group to the company and the rest of the board, neglected to represent the interests of all stakeholders”*.
- (c) These *“conversations”* had *“... put the entire project at critical risk”* and *“... the livelihoods of all of you working for the project at stake...”*.
- (d) Our clients made *“misrepresentations”* to the CEO *“about their involvement in this scheme”* and took steps to *“appear neutral while masking their involvement”*.
- (e) Our clients *“were essentially corrupted at the most crucial time in the project . . .”* and organised *“backchannel conversations in what was effectively a conspiracy”*.

Allegations of breach of duty

The Purple Pill Discussions which prompted the CEO’s ultimatum that our clients either resign or be removed as directors of the Foundation Company were informal discussions regarding potential strategies and proposals to address concerns that had arisen among stakeholders with respect to the Project.

Our clients take issue with the baseless and defamatory allegations made against them, including serious allegations of *“conspiracy”*, *“corruption”* and breach of duty.

Our clients deny the allegations made against them in full. These allegations should never have been made and should promptly be retracted by the CEO.

If and to the extent these allegations are maintained, they must now be the subject of a full and proper explanation as to their purported basis.

The proposed bylaws

In accordance with Article 4.6 of the Articles of Association of the Foundation Company dated 17 December 2018, *“the business and affairs of the Foundation Company shall be managed by or under the control of the directors...”*.

Without prejudice to the above, the supervisors by notice to the Foundation Company, or the Foundation Company by special resolution, may adopt bylaws that are not inconsistent with the laws of the Cayman Islands or the constitution.

We and our clients are not aware of the Foundation Company having duly adopted the proposed bylaws circulated to the board by Brian Avello on 22 March 2019 by special resolution, or of the supervisor having given notice to the Foundation Company of the adoption of these proposed bylaws. Accordingly, these bylaws appear not to have been adopted in accordance with the Articles of Association and, thus, are of no legal effect. If the company considers that these proposed bylaws were properly implemented, please provide the documentary evidence upon which the company relies in this regard.

Further, and in any event, parts of these proposed bylaws are inconsistent with the laws of the Cayman Islands and the constitution. For example, Section 4 of Article II purports to confine the directors' duties

to two specific functions. As you will be aware, there is an irreducible core of directors' duties that by law cannot be excluded.

Removal of directors

Although there have been unwarranted threats to remove our clients as directors of the Foundation Company, our clients can only be removed as directors in accordance with the laws of the Cayman Islands and the Articles of Association. The CEO is unable to act unilaterally to remove directors.

Our clients are not aware of any evidence that they have been duly removed as directors in accordance with Article 4.3 of the Articles of Association or otherwise. Accordingly, they remain directors of the Foundation Company and continue to enjoy all of their rights as such. If any purported actions have been taken by the Foundation Company on the basis of a misconception that our clients had ceased to be directors of the company, please indicate immediately what actions have been taken. Any purported action taken by the board without the involvement of our clients risks being deemed legally ineffective. Our clients should immediately be provided with any board materials with which they should properly have been provided since the purported cessation of their directorships.

If, contrary to the above, notice has been given by the supervisor purporting to remove our clients as directors of the Foundation Company, please provide us with copies of such notice(s) immediately.

Legal advice

During the Emergency All Hands meeting on 25 March 2019, the CEO stated that advice had been obtained from the Cayman Islands legal advisors to the Foundation Company to the effect that the supervisor was empowered by the (proposed) bylaws circulated by Mr. Avello on 22 March 2019 to remove our clients as directors of the Foundation Company. As directors of the Foundation Company, our clients are entitled to receive this advice to the company. Please provide us with copies of all relevant correspondence in this regard, and indicate the substance of any advice provided orally, immediately.

Supervisor

Please provide us with a copy of any Resolution or notice appointing the supervisor pursuant to Article 5.3 of the Articles of Association.

Our clients consider that an effective supervisor is critical to the proper functioning of the Foundation Company and are concerned that the current supervisor, if properly appointed, may have exercised its powers other than in the best interests of the Foundation Company and its objects, contrary to Article 5.7 of the Articles of Association. Our clients specifically reserve all of their rights in this regard.

In any event, our clients consider that a new supervisor should be appointed (in place of the first supervisor, if duly appointed) in which the board has confidence.

Suggested dialogue

As noted above, notwithstanding the regrettable events referred to above, our clients remain committed to the success of the Project and the Foundation Company, provided that the company operates in

accordance with generally accepted principles of good corporate governance. The Foundation Company must be managed and controlled properly in accordance with its constitution and all applicable laws.

Our clients' strong preference is to resolve these issues amicably and we therefore invite the CEO and the executive team to discuss these issues so as to explore whether there is a means of resolving them by agreement.

We look forward to receiving your response to the above as soon as possible, and in any event by no later than 4:00pm Cayman time on Friday, 5 April 2019.

Our clients reserve all of their rights.

Yours faithfully



Andrew Pullinger

Partner

cc Mr. Rune Christensen, Chief Executive Officer (rune@makerdao.com)
Mr. Brian Avello, General Counsel (brian@makerdao.com)
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