



## DAOs and The Future Of Business Ownership Transcript

Ryan Moran [00:00:00]

Hey, everybody. Welcome back to Capitalism.com. You look terrific today. Whatever you're doing, keep it up. Have you been working out? Hey, on today's episode, I'm going to be sharing with you another episode from the Investing on Purpose project that I've been doing with my mentor and dear friend, JP Newman.

Ryan Moran [00:00:17]

This is a new podcast that I just started. It's its own feed, but I'm sharing the first few episodes with you so that you know about it. And this topic is decentralized autonomous organizations. This is a complex topic that took me months to understand that JP and I break down into details so that you can understand how they're going to work and how they're going to impact your business and all businesses over the next few years.

Ryan Moran [00:00:47]

So, in this episode, JP and I wrap our heads around this new technology and this new emerging trend and we talk about how this might impact big problems in the world, how this new structure of doing business could create new opportunities for very fast wealth-building, new communities, and the opportunity to create change around problems that we don't have solutions for right now.

Ryan Moran [00:01:14]

It's a very interesting topic because there will be some that change the world and there will be some that will be big socialist failures, and right now we don't know which ones are going to be which, but this technology will affect all of our lives over the next few years. If you enjoy this episode, please subscribe to the separate feed, it's called Investing on Purpose, and on there we talk with entrepreneurs who are leading new companies that are creating change, we talk about new opportunities for wealth-building, we talk about both of our opinions on where the world is going and what the implications of new pieces of technology will be, and I think you will really enjoy it.

Ryan Moran [00:01:50]

So, just look up Investing on Purpose on your favorite podcast player. Welcome to Investing on Purpose, the show about making your money matter. On this show, you'll be introduced to



emerging trends and entrepreneurs who are creating change through business. Join JP and I every week as we explore how to use our money to create an impact and make the world a better place. Now, onto the show. Welcome to Investing on Purpose. I'm Ryan Daniel Moran.

JP Newman [00:02:18]

I'm JP Newman.

Ryan Moran [00:02:19]

Hey buddy.

JP Newman [00:02:21]

Hey, how's it going, Ryan?

Ryan Moran [00:02:21]

Good to see you.

JP Newman [00:02:22]

So good to see you. So, Ryan, I thought for this episode, we want to go down maybe a new rabbit hole. I wanted to ask you, with Capitalism.com and knowing what a passionate capitalist you are, I'm hearing all these conversations about DAOs, these decentralized autonomous organizations. I love the name, even. Sounds kind of socialists to me, it sounds like they want to take over the world. And I'd love to get your take on what you think DAOs are, and are they socialist? Are they really great? Is this an evolution of capitalism for the better? Or is this something else?

Ryan Moran [00:02:53]

It's an interesting conversation because we're testing for the first time what it looks like to not have central in an organization. As capitalists, we love to thumb our nose and make fun of central planners that are governments, but all businesses have central planners too. I'm an entrepreneur. I own 100% of Capitalism.com as of right now. I'm the central planner. I am the dictator of Capitalism.com.

JP Newman [00:03:18]

Right. And you've some dictators who call leadership executive leadership, like every other company.

Ryan Moran [00:03:22]



But a DAO gets rid of all of that. A DAO completely democratizes the operations of a business, in theory anyway. So, what is happening that I've seen inside of DAOs is you'll have voluntourism, you'll have individuals who are participating as a customer of the product. And because they are providing so much value as a customer, they can be rewarded in that company's native token.

Ryan Moran [00:03:51]

So, you have an organization that has a cryptocurrency and that's how all of their transactions are completed. And so, you have people volunteering, they're contributing in the communities and providing a lot of value and they end up getting jobs and they're paid for with the native token of the DAO.

Ryan Moran [00:04:10]

So, I could envision a world in which people didn't get jobs, they just got sponsorships from the organizations that they were working for, and that could be a client base. You could be ... You could have a client that is a DAO and get paid in their native token, and have another client that is a DAO and get paid in their token, and one will go to zero and one will go to 1000. And it's an interesting experiment that I'm glad we're having, but I have no idea how it's going to play out.

JP Newman [00:04:37]

It sounds awfully socialist, but Ryan, think about this, too. I think this might be fun. I think a lot of times we're all talking in the same terms and I think to break it down, one of the things that could be exciting about ... A practical application of a DAO is there are so many things that the internet did great.

JP Newman [00:04:54]

You have somebody who has a want and a need, and the internet became the great aggregator of actually bringing together the want and the need. And so, I think a DAO could do that in a much more effective way. If we can now use a set of code to find the want and need in a blockchain ... For instance, let's just take an example. Let's say you took Uber. Someone needs a ride, someone's got a car and got a ride. Right? Could you imagine, how would that look like as a DAO? If you were to say, give me Uber DAO, Ryan, what might that look like?

Ryan Moran [00:05:25]

I'm honored that you think I have an educated ... But my understanding up to this point is that you would eliminate the transaction fee because you just have a protocol in which people have



their cars listed, they have their driver history all on chain so it's public for people to see. Probably can't be faked or is harder to fake. And you have someone who is calling the protocol saying, I need a ride here, and the app has been developed in a distributed fashion by the programmers who work for the protocol and you have no middleman, so you have no organizational fees. You have no 20% cut to Uber, so there's more given to the driver.

JP Newman [00:06:07]

Huge. And think about the revolution of that, where more money is going to the actual worker. That's a huge, huge ... That's a huge big deal.

Ryan Moran [00:06:13]

That's what makes this all interesting is that you're eliminating all middlemen once the protocol is developed. What's interesting to me about this, JP, is that in order for a DAO to even be initiated, for it to start, it requires someone to create something that they may get no value from. You would have to develop the protocol completely decentralized.

Ryan Moran [00:06:37]

I get nothing out of this. I have to go serve the world. I have to go create this entire platform and own nothing, get nothing, but the whole community does get something. So, it requires some altruistic capitalism in order to get off the ground. But once it's done, all of the users are benefiting greater than if there was a central planning committee. It's going to be really hard for Uber and Lyft and these other companies to compete, unless they can keep some sort of strategic advantage in the central planning structure. Now, there are benefits to having central planning. There is benefit to having a president say, We're going this way.

JP Newman [00:07:20]

Well, so, Ryan, let me challenge you a little bit, because what if it wasn't just all or nothing? What if it didn't go from central committee to no committee? What if it was a way, way ... As opposed to Uber versus Uber DAO, we'll just use that as an example. What if the company was ... Let's say there was a capitalist entrepreneur that wanted to make a profit, but his angle was his overhead is 70% less because he's doing it with 12 people because all the roles in the software on the blockchain.

JP Newman [00:07:46]

So, maybe it's some hybrid between new model and old model, and this person actually still wants to make a profit, still wants the community that started him up, which I want to talk to you about as well, but also let's say there's some more altruistic ... I'll give you an example.



Let's say the drivers will get paid more because it takes less overhead because you have a lot smaller of an organization.

JP Newman [00:08:08]

Well, let's say also for the first time, the organizers, not just the president or whoever the person running it was, but the people who funded this, whether it was crowdsourced or done through NFT, but the community who came up with this idea said, We really want drivers as a people or other service workers to be treated better. So, let's not only pay them a better split, but what if after giving the investors 10%, I'm making up that number, 10%, then the drivers ... We're going to pay ... The next 5% will go to benefits, retirement. So, in a way, you literally can create these blockchain roles ahead of time of how the finances are going to work, what it's doing.

Ryan Moran [00:08:47]

I see. So, what I'm hearing you say is under a DAO structure, you can preset the rules of the finances of the organization.

JP Newman [00:08:56]

Yes, absolutely.

Ryan Moran [00:08:56]

So, you could preset it to that 5% of all fees go to benefits for the drivers.

JP Newman [00:09:04]

Correct.

Ryan Moran [00:09:04]

Which would incentivize more drivers to come be on the platform, and you would have more altruistic riders say, I want to do well by the drivers. I'm probably going to get a higher quality driver as a result of them being taken care of better. And you could have investors buy into that thesis because it's a more purposeful idea. This actually makes a lot of sense.

JP Newman [00:09:24]

And they're still making a great return. You don't ... I mean, that's the whole point of doing good and doing well, which we've talked about in past episodes. You can still have a for-profit ... And there's no reason why an entrepreneur shouldn't get paid well, if it's successful for creating an Uber DAO. I don't think it has to necessarily be altruistic. I think it could be ...



JP Newman [00:09:46]

This is the exciting part, Ryan. You could have ... Literally not only be just the founder, but your other founders could be your NFT community, and you guys collectively, through collective votes, make the rules of what you say the values of the company are. You set them out early and you still include the shareholders, which in this case might be the token holders, but there are different roles where it's not just about ...

JP Newman [00:10:07]

Traditional companies now, it's all about, how do you maximize shareholder value on the backend? And how do you get your capital on the front end where 40% of your company is not swallowed by an early incubator or an early series AVC that kind of eats you up so quickly that you kind of lost control of your company from the beginning?

Ryan Moran [00:10:28]

Now, JP, have you seen any DAOs be effective up to this point?

JP Newman [00:10:33]

Not yet.

Ryan Moran [00:10:34]

I've seen one be modestly successful, and it's FWB, Friends with Benefits is what it's called. And Friends with Benefits is a community in which ... It's almost like a decentralized AAA where you're getting discounts to all of these things and people are bringing special access to the other members of the community, and the more the community collaborates, the higher the value of the total group, and as a result, people want to keep their spot and they don't want to sell it.

Ryan Moran [00:11:03]

And the way that it works, it has a very interesting financial model where in order to become a member, you don't buy your way in, you buy a token of that native protocol. So, they have their own token that's going up in value as the demand for the community goes up and you have to buy a certain amount of tokens to get in. So, as long as there's a demand for there to be people entering into this community, you have liquidity.

Ryan Moran [00:11:35]

People can sell their spots. And so, you have this treasury that is being built as the value of the token is going up. The company has a treasury and they do have employees and they ... I think it's a team of 4 or 6 people and they're policing the community and making sure the best



people get in. And as this treasury builds, they have more capital to invest back into the development of the community.

Ryan Moran [00:12:03]

So, everyone has to win in order for the DAO to win. So, it's interesting how these different incentives are influencing the growth of this business, and it has a \$25 million dollar market cap. It's crazy, right? And it's all liquid because people own the tokens natively, they can exit at any time. Their access in the community is an asset because they could sell their spot at any time. There's no NFTs. It's all built as a coin.

Ryan Moran [00:12:35]

So, I'm curious to see how NFTs and DAOs and native tokens are all going to create this canvas where we can repaint any business that we want. We could have a new type of Instacart, a new type of Uber, pretty much every business.

JP Newman [00:12:52]

Dating services, food delivery. But all these things were, again, in the old system of capitalism, it's pretty much that C-suite is making 80% of the money or a big chunk of the money, and it really is a chance here where by making it more efficient, that more of that money is trickling down, which really has a huge effect on society.

JP Newman [00:13:12]

We always ... I've always said having a vibrant middle class is the key to democracy, a vibrant middle class. And giving people better opportunities where ... You don't want 41% of America not ready for a \$500 dollar emergency, which is what the number is today. And I mean, imagine, not just America, but other countries where there really is this vibrant middle class. The promise actually ... It's a funny thing because I think that's the promise of the American dream.

JP Newman [00:13:35]

We might ... We maybe had it for a few minutes in the 50s after World War II and the GI bill, but I think it really ... When you have happy people that can afford things and their kids are going to school and everything's pretty well, you don't usually feel like fighting unless your government feels like fighting.

Ryan Moran [00:13:49]

And are you saying that because you think that this type of a structure can reignite the middle-class?



JP Newman [00:13:56]

I do.

Ryan Moran [00:13:56]

Tell me how that plays out in your mind.

JP Newman [00:13:58]

Well, I think of it ... Let's just use this Uber DAO as an example. I mean, immediately you have this movement that was actually born out of ... A movement of let's make sure that our ... Who's our most important stakeholder here? It is the customer that needs a ride, and I actually would argue it's the driver. It's the driver who is taking his car, working 10, 12 hours.

Ryan Moran [00:14:17]

The labor class. Yeah.

JP Newman [00:14:18]

The labor class. And so, why don't we focus ... All stakeholders need to win. You and I have talked about this in past episodes. There's no reason why all stakeholders can't win. But why don't we just focus and emphasize that in this model, drivers are valued. And how are they valued? They're paid better.

JP Newman [00:14:35]

There's actually retirement benefits so that if you do this for 5, 10, or 15 or 20 years, you have something you can look to in the end. And maybe there's other benefits, but the exciting thing is if you're just going through your classic ways of capitalism to raise money, like through a VC firm, you're always trying to push to how do I maximize profit? How do I maximize profit? So, what if the thought was in this new capitalistic model is we're still profit-oriented, you still have to make money the company ... You still have responsibilities to your token holders.

Ryan Moran [00:15:07]

But we still have to incentivize people to found companies.

JP Newman [00:15:09]

We do. So, we do all that, but because it was baked on a new kind of capital, the way the money came in early and the way that it was formed and the way policies got voted on from the entire token or NFT community, that it was this blend, that it wasn't just about maximizing





profits, it was profits with a mission that became embedded early into it, forming a very different kind of company.

Ryan Moran [00:15:31]

So, I view it just slightly differently. I agree with everything you said. I just want to explore it from a different lens because my gut reaction every time I hear that type of description is it does sound like a very liberal left-leaning view on capitalism. But when I look at the landscape, I actually think that your thesis is the profit maximizer, it is where the most amount of profit will be.

Ryan Moran [00:15:57]

And part of that is because when anyone can develop a DAO, when anyone can develop a protocol to try and compete with another ride sharing service, then the way that people will compete is by giving more to the end user or to the labor class. So, in order for me to have the best incentivization, to have the highest profit, I have to think, Okay, what's going to get the drivers over to me? What's going to get ...

JP Newman [00:16:24]

Right. The best drivers, not just the drivers. The drivers who have pride in driving, and this is their ... This is their business.

Ryan Moran [00:16:29]

That's right. So, of course I'm going to look at it from, How do I give them the best benefits? How do I give them the highest pay? How do I take as little a slice as possible from as many people as possible? And I think this structure of a decentralized autonomous organization makes that possible. And what you're describing from the VC style or an incubator style was all the best that we had at the time, and this is just a step further in that direction of cutting out more costs that get passed onto savings and get passed onto the labor class as we discussed.

JP Newman [00:17:07]

Well, Ryan, I'll give you an example. When's the last time you were in a taxi cab, just a regular taxi? I'm sure some ...

Ryan Moran [00:17:13]

Yeah, actually about 6 months ago from an airport.

JP Newman [00:17:16]



Okay. But I know for me, if I had to choose, if all things were being equal, and in this case, as we know with the original Uber, it wasn't equal, it was actually cheaper most of the time to take a Lyft or an Uber than a taxi. How quickly were consumers willing to take an Uber or a Lyft and displace taxis that ... The industry had been there forever.

Ryan Moran [00:17:33]

The adoption curve was huge.

JP Newman [00:17:34]

It was cleaner, and it was cheaper, so it was a better value for the consumer. So, here's what I would say. If your expenses are way down because you're not having huge advertising expenses to get your product out there and it becomes more of an organic movement, and Ryan, if I was to say to you, you can take Uber or Uber DAO, and it's the same price for you to get to the airport, but you know with Uber DAO, if you'd hit on this Uber DAO application, you are now ... That driver is making about 25% more, and it's not costing you anything as the consumer to do this. What do you choose?

Ryan Moran [00:18:05]

Unless I own shares in Uber, I'm probably going to go with Uber DAO. But the interesting ... Here's the interesting thing here, JP, is knowing that I could buy Uber DAO tokens, which will be the exact same thing as owning shares.

JP Newman [00:18:21]

It's the same thing.

Ryan Moran [00:18:21]

And so, now I'm going to be an advocate for using Uber DAO, and I'm going to try and get everybody that I know to use Uber DAO instead of Uber.

JP Newman [00:18:30]

And also, most people feel good ... Think about this right now.

Ryan Moran [00:18:30]

Wow. This is so cool.

JP Newman [00:18:34]

Right? And most people feel really good ... They want to ... A lot of people feel powerless that they can't change movements. Guess what happens when you own the Uber DAO token?



You're part of a movement. You're part of a movement for America of getting people paid more for their families.

JP Newman [00:18:48]

Most human beings would find that pretty cool, as a consumer, that I get the product that I want, maybe even better, because maybe in the blockchain, the programming is find me the driver that is closest to me, is rule 1. Number 2 rule, find me the driver that's got the highest overall rating because they'll get the ride before the next guy who maybe doesn't have another rating, and then let's just, for crazy sake, rule number 3, if they drive a carbon neutral car or a hybrid or electric car, give them first shot at the ride because that becomes the value of the 5,000 token holders who say, we value ...

JP Newman [00:19:23]

We want this company to be based on wages, we want them to be based on the best customer service because we are ... This is a competition. This is a for-profit company, and ultimately we want to provide ... We know that by making ... Incentivizing things like hybrids or electric cars, we can save X amount of pounds of carbon emissions so it's really a win-win for everybody, and whatever other rule you want to add to that.

JP Newman [00:19:47]

And it's all baked in, including profit sharing to the investors, where they fit in the waterfall. And who says this can't be incredibly profitable, especially if you don't have to spend a ton on advertising and a lot of these movements become organic? And it's almost like, your generation, the generation behind me, people who actually just care, all of a sudden you're empowering them and they're going to look for great, great solutions that are being done where people benefit or the environment benefits.

Ryan Moran [00:20:15]

Let's talk about the economics of these, because I think when people start to understand how the economic structure of DAOs gets started, there's a lot of braingasms that happen. And you're familiar with staking, right, JP?

JP Newman [00:20:32]

Of course.

Ryan Moran [00:20:33]

So, staking is when you have a token and you commit ... You basically commit for a certain amount of time to have it locked, so you're not going to sell that token, and that provides



liquidity for other people who want to buy and sell it. So, in an example like an Uber DAO, the way that would work is you'd have an early pool of investors. The person starting the company might raise capital, but it would be issued in Uber DAO, and all of those investors would stake the Uber DAO token, which means they can't sell it for a while.

Ryan Moran [00:21:06]

What that would do is it would provide liquidity in the platform for when a driver wanted to get paid, he could get paid an Uber DAO, but then sell it immediately because there's liquidity on the platform. So, you're basically selling the Uber DAO token back to the investors in exchange for US dollar. So, that driver can go home and they can buy food and gas and all this other stuff, right?

JP Newman [00:21:31]

But Ryan, let me jump in. This is so interesting where you're taking this, by the way. I love this, because I actually apply it. And Uber ... The bigger this gets, the driver gets to benefit because if he decides not to cash in all of his Uber DAO tokens for cash because he believes ... He's seen his rides are picking up and he decides, you know what? I'm going to cash 50% of it in, but 50%, I'm going to take a ride on this company. He gets to participate in the ultimate success and appreciation of the company.

Ryan Moran [00:21:56]

That's right. That's right. And ...

JP Newman [00:21:58]

In a very easy way. I'm starting to cut you off in the process, but ...

Ryan Moran [00:22:01]

I'm glad you did because that's one of the ways that you could, again, boost the labor class there, because if that project wins, you could create millionaire drivers who were getting paid in Uber DAO token.

JP Newman [00:22:14]

Because they came in early.

Ryan Moran [00:22:15]

That's right. Now, from the investor perspective, the investors, as they're staking their tokens, as their money is tied up in the platform, the protocol can be rewarding those stakers, those investors, with dividends, basically with incentives to keep their money tied up in the platform.



So, giving them as much reward as possible, so you have different protocols that are competing with one another to keep the investor money on the platform by incentivizing them with dividends or more tokens, which takes away from the amount of equity that the protocol developers own, but it's going to the investors.

Ryan Moran [00:22:55]

And what this does is it encourages more liquidity on the platform which encourages more drivers to be able to drive, and you have all of the profits completely decentralized and distributed to developers, to drivers, to investors, all market-based. There's no arbiter in the back of it deciding who gets what. The success of the protocol determines who profits and how much.

JP Newman [00:23:25]

Isn't that a trip? And what's cool ...

Ryan Moran [00:23:24]

That's a trip.

JP Newman [00:23:25]

It's a trip, Ryan. Let me take it one more step further to blow your mind. Not only that, but you literally, through an algorithm, could program everything you just said ahead of time. So, as opposed to wondering, what's my series A round going to be valued at? What's series B? What's my dilution going to be? And I don't if these are ... Dilution, a lot of times you come in early and you think you're a hero, but then on the valuation of the next guy who comes in, he wants to dilute the first round and based on leverage.

JP Newman [00:23:51]

So, there's so much uncertainty right now in being an angel or an early and early stage investor that you literally can have the protocol built out for everybody. And of course, it'll vary, so if the company does better, the tokens will have more value, more liquidity in the pool. And if it doesn't do quite as good, it could go down, but everything could be predetermined. It takes so much uncertainty, and not just the uncertainty, Ryan, but it's better ... I think it has better alignment of values and better alignment of the company's goal of where it's going because the money that comes in came in early, and it really came in early knowing what it was coming in for ...

JP Newman [00:24:28]



The values and the financial model was baked early from the day you enter. Whether you enter in day 1 or 2 years later, it's the same values with the same model. And of course it could ... There could be a vote to change things. If there's something that's not working, the entire token holder is based on their percentage, right? They could vote to make some changes. So, you're not ... There's still some flexibility in this Uber DAO, but there's also certainty at the same time.

Ryan Moran [00:24:52]

That's the part that we haven't talked about is that in most DAOs, the token holders have voting rights where they are making, or at least helping to make, the major decisions of the company. So, if you own 100,000 tokens, you have 100,000 votes for whatever is up. It's like a union vote, but you have as much voting power as you have equity in the company.

Ryan Moran [00:25:16]

So, if you've been a driver on the platform for a long time, you have more voting rights than to somebody who is just coming in and driving 3 or 4 times. I actually was considering, JP, I have ... You know I have one ecommerce brand that's been a challenge. I'm not ready to call it a failure, but I've lost a lot of money, and I have been thinking about just publicly saying, Hey, this project didn't work so I'm going to turn it into a DAO and see what happens.

Ryan Moran [00:25:47]

And what that means is I would turn all the equity into a coin, allow people to buy the coin, which means that a lot of ecommerce experts would likely buy the token just to see what happens. So, now I've solved my capital problem because I've now got an infusion of capital from people. I've solved my talent problem because I now have these ecommerce experts contributing to the business.

JP Newman [00:26:10]

And being incentivized to do so.

Ryan Moran [00:26:11]

That's right. Now I've solved my marketing problem because I could run just PR about how this guy from Capitalism.com is running a socialist experiment to turn around this failed ecommerce project. And so, I wonder how much of the voting rights will impact the decisions of a business and it's just a great experiment that we're going to see play out for a few years.

JP Newman [00:26:34]

There's one piece you left out though.



Ryan Moran [00:26:35]

What's that?

JP Newman [00:26:35]

Kind of like NFTs now, some of the art that's 10Xing itself over the value is going crazy, the art isn't fantastic on a lot of these NFTs yet. My 14 year old son has been showing me some of the art and I'm like, invisible people are going to go for 5X and ... And all these ... I know Bored Ape, that's a cool one. The Bored Ape at least is cool.

JP Newman [00:26:56]

But my point is, on your example, I think that will work actually right now, but ultimately to get the people to buy the token, they're going to have to ... The core has to make it ... They have to be inspired at the core and believe, just like every other shareholder, that whatever that is that they're investing in will have future value. Otherwise it wouldn't make sense just to hold the token.

Ryan Moran [00:27:14]

Of course. So, this all kind of comes back to this original thesis from which we started doing this series, which is that moving forward, your company and your investment thesis has to be built around purpose because what we've talked about just in the last 30 minutes is that most companies will at least have the potential to be disrupted by this decentralized structure.

JP Newman [00:27:39]

Yeah, this revolution, I call it. Yeah.

Ryan Moran [00:27:41]

And the incentives and the profit motives are all still there as they've always been in a capitalist society, but the incentives now have an inkling of purpose to them and we're now incentivized to pursue some sort of purpose in the business. And I think the only way that projects will survive is if they're baked in service to other people, which is just a beautiful capitalist utopia.

JP Newman [00:28:08]

It's incredible that the business rules are changing because we now, we have different functions and foundations with all this new technology that you get to do this, and it's a win-win. You get to do this, not at the expense of profits, but it's just baked into the ethos of what business is. And we've been saying this for a long time with conscious capitalism and other things, and big companies have moved. There's no doubt that there has been positive



movement of ESG, which is environmental, social, and governance. It's all the rage in institutional investing, ESG investments.

Ryan Moran [00:28:39]

A lot of my libertarian friends think ESG is a big communist scam.

JP Newman [00:28:42]

Exactly. No, I hear you. And social impact. So, I feel like there's been a lot of nice words around it with ESG or social impact, but now, Ryan, now with just the rabbit hole we just went to on this made up company which we can apply to 50 other companies. We could take it to food delivery. We could take it to a dating site. We could take it 100 different ways.

Ryan Moran [00:29:01]

Every public marketplace.

JP Newman [00:29:03]

We can take it to every public marketplace, and now the rules are starting to make more sense without having to force ESG or social impact. I don't want to comment on them, but the point is, I think it could be a lot more holistically integrated without it being this nice thing to do, but actually the roots of what makes a successful business under these new business rules.

Ryan Moran [00:29:23]

What's your timeline that you think that this is going to be commonplace?

JP Newman [00:29:28]

I think it's going to go fast. I think what's going to happen, very similar just going back to some of your experience with some of these ecommerce trades. I think that right now, it's all pioneering and mistakes and certain people are going to over-bet, but I think you're going to have your first winner ... I'm to guess, in the next 24 months, you're going to see your first companies. You'll see your first Uber DAO.

Ryan Moran [00:29:45]

Yeah. I think we're a year or 2 from having something really make a splash in the space and then it's going to set a precedent for a whole bunch of these.

JP Newman [00:29:55]

It's going to open up the door for huge opportunities. I'm just so excited. I've been telling my 14 year old, if he wants to, I'm joking, quit school and start, but I think there's going to be so





much opportunity out there just in this one structure, Ryan, and there's still 6 other structures we haven't even talked about that would complement this.

Ryan Moran [00:30:13]

Now, one final question for you, JP. Does this change your investment thesis today? Would you avoid buying Uber stock because of this type of technology?

JP Newman [00:30:23]

I'll tell you what I do see. I already see which kinds of companies are going to be disrupted. I had a funny conversation, Ryan, with my Charles ... I don't use any investments Charles Schwab type of investments. It just so happens I have some money. And he was giving me the usual pitch. And it was the same story. I mean, honestly, he could have recorded it 10 years ago.

JP Newman [00:30:43]

You should buy ... Diversity in your stocks and you want these Fortune 500 companies. I could almost have fallen asleep. I couldn't believe this is the best of the best. And this guy was a senior VP at Charles Schwab, personal finance, trying to impress me. And I said to him, you said a lot of words, but your returns you're telling me are 3% and 4% with a lot of risk.

JP Newman [00:31:04]

He's like, yeah, it's a tough market right now. I said, yeah, but I can go to the Anchor Protocol or other protocols, even the Gemini dollar and I can earn 8%. If I'm really conservative, I could go to the Anchor Platform and earn 20% and it's just a loan that's based on a blockchain that'll liquidate me and it's tethered to the US dollar. Doesn't that make sense? And he goes, I have no idea what you're talking about. And I ...

Ryan Moran [00:31:26]

Did he really say that?

JP Newman [00:31:28]

He had no idea what I was talking about. He had no conception that there's better risk, reward opportunities out there, and there are. You're playing this game that's been kind of the same game. It's like playing Keno in Las Vegas. You can play Keno, but the rules are ... The game is not in your favor and it's an old game versus kind of the game now of where you can be.

JP Newman [00:31:48]



And so, I already know that I think a lot of these institutional houses, like the retail shops, will be disrupted. They're either going to have to join or die, and as you know, a lot of times the big companies can't move fast enough. Some of them will maybe survive, but a lot of them will go the ways of Xerox and Kodak film, if I was to guess.

Ryan Moran [00:32:04]

So, I'm going to take that as a yes, you are avoiding ...

JP Newman [00:32:07]

I am.

Ryan Moran [00:32:09]

... Putting money into ones that could be disrupted in this way.

JP Newman [00:32:12]

Absolutely. I think there's a lot of big banks. They're quietly starting to invest in crypto, but they're just not moving fast enough. And they're also saddled with old assets, like branches. Branches of banks, who ... When's the last time you were in a branch in your bank, Ryan, that you actually needed something?

JP Newman [00:32:26]

I went to a Capital One cafe last week because I didn't even know what it was, and I went in there and I got a nice free cup of coffee, which was lovely. But I asked ... There's 4 people with their Capital One tags on, and then they're sitting there, and I finally, Excuse me, what do you guys do at the Capital One cafe?

JP Newman [00:32:42]

And they're like, Well, there's an ATM machine if you need it. That was it. And I get they're trying to be the progressive bankers. How cool was a delicious cup of coffee? But there was no banking going on, and it was a very expensive piece of real estate in downtown Austin. It doesn't make sense to me. They're trying, but that's not the model. And they're saddled with real estate and just big investments, tons of employees, which is so ripe for disruption for the next company to come and just take care.

Ryan Moran [00:33:12]

What I'm hearing is that we may be going through a ginormous wealth transfer over the next 1 to 5 years, and it's going to be purpose-driven companies that are almost completely decentralized that will be where a lot of the upside will be had.



Capitalism.com  
— B E T H E C H A N G E —

JP Newman [00:33:27]

Which means you're going to mint a whole bunch of new entrepreneurs, Ryan, that follow you and that ... There's going to be so much opportunity to be an early leader in this area, but it's hopeful, I guess. The vision and the hope and the optimism is that it will ... That it really will also fill in in ways that old capitalism hasn't filled in, that the workers who support it or really that the ultimate consumer and the ultimate service provider will both have a richer experience from these new formats.