

Update from the IOTA Foundation Board of Directors and Founders

Berlin, August 8th 2018.

The IOTA Foundation is a young institution.

Our team has grown from a handful of members to almost one hundred in less than a year. We are a very well-funded startup at the intersection of one of the most innovative areas of technology and a sometimes toxic market. As we are just learning to walk, while fostering prominent corporate and social partnerships, our exposure to the global spotlight has forced us to quickly learn to communicate like a publicly listed company.

Today, a heated discussion among the founders and the current board was [leaked](#). In the interests of full transparency, we would like to provide some background.

Anyone who has been through a heavy growth phase similar to the IOTA Foundation's, understands that there is a significant emotional journey involved. We have seen friends turn into founders, and founders become key decision-makers in a multi-billion dollar project faced with countless challenges.

When the IOTA Foundation was registered, for reasons of timing and simplicity, two of IOTA's founders (Serguei Popov and Sergey Ivancheglo) decided not to join the Foundation's official Board of Directors.

In March 2018, David Sønstedt suggested that we correct these omissions, and invite the "missing" founders to the official board. A unanimous decision was made by the current board (Dominik Schiener, David Sønstedt and Ralf Rottmann) to honor the initial founders by nominating them for board membership. This was however contingent upon some changes to the IOTA Foundation statute.

The current [IOTA Foundation statute](#) grants the right to nominate board members exclusively to Dominik Schiener. It also allows board members to delegate their voting rights. In fact, there are a number of other minor "oversights" that the board has agreed to address with the Supervisory Board. These stem from a lack of experience in setting up a non-profit charitable crypto-related foundation and extreme time pressures at the time of registration.

The ultimate aim is to build a larger and more diverse board, in order to approach important decisions from a wider perspective. To this end, a list of changes to the statute were devised in order to a) allow the board to collectively nominate new board members and b) remove board

members' ability to delegate their voting rights to other board members - thus making sure that when tough decisions are to be made, all views are truly represented.

However changing the statute of a German charitable non-profit can only be done via a Supervisory Board resolution. As the initial constitutional meeting of the current IOTA Foundation Supervisory Board was only planned for September 2018, this introduced a non-negligible delay to instituting these changes.

These circumstances lead to a situation, where two of the IOTA founders have been "waiting for board seats" for more than four months. Unfortunately, sufficient priority was not given to this open issue, and there was a failure to keep the missing board members informed about progress.

Following these months of stasis, the issue culminated in a heated discussion on our internal Slack, in which one of the founders asked Dominik Schiener, Chairman of the Board, to step down. Sergey Ivancheglo has since stated that asking for Dominik to resign was an emotional reaction to the situation, which had built up over months. The situation did not feel fair to him, being an integral member of the team behind IOTA as we know it today.

The current board has decided, to move forward with inviting the two missing founders into the IOTA Foundation Board of Directors, based on a mutually signed Memorandum of Understanding, which defines the modus operandi for collaboration, until the changes to the statute can be formally established.

We are committed to having the Memorandum of Understanding and nominations completed no later than August 10th, 2018, and will follow up with an update.

We thank everyone for their ongoing support.
Press inquiries may be directed to press@iota.org.

*Sergey Ivancheglo, Serguei Popov, Ralf Rottmann, David Sønstebo and Dominik Schiener.
(in alphabetical order)*