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Compound Finance  
(d/b/a Compound Protocol, Compound Finance, compound.finance)  
COMP Owners and Compound Finance Governance

via forum post to [www.comp.xyz](http://www.comp.xyz)  
via Twitter to [twitter.com/compoundfinance](https://twitter.com/compoundfinance)

RE: Compound Finance's Use of U.S. Patent No. 10,025,797: Method and System for Separating Storage and Process of a Computerized Ledger for Improved Function

Dear COMP Owners and Compound Finance Governance:

Our firm represents True Return Systems, LLC ("TRS"). As we previously advised, we believe that MakerDAO is using the technology claimed in TRS's [U.S. Patent No. Patent No. 10,025,797](#) without a license.

Because Compound and its owners have elected to not engage with TRS, we are compelled to explore enforcement options. Accordingly, a draft Complaint for Patent Infringement is available at [www.truereturnsystems.com/c-docs](http://www.truereturnsystems.com/c-docs). The exhibits to the Complaint include claim charts that show the correspondence between the Compound systems and Claims 1 and 7 of the '797 Patent.

The novel nature of the Compound organization notwithstanding, there is a growing body of scholarship and caselaw that suggests that DAOs will be treated by a courts as general partnerships, leaving their individual members to bear the liability for infringement damages.<sup>1</sup>

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<sup>1</sup> See, e.g., D. Kerr et al., A Legal Framework for Decentralized Autonomous Organizations, pp. 12-13, [a16z.com/wp-content/uploads/2021/10/DAO-LegalFramework-Jennings-Kerr10.19.21-Final.pdf](http://a16z.com/wp-content/uploads/2021/10/DAO-LegalFramework-Jennings-Kerr10.19.21-Final.pdf); L. Metjahic, Deconstructing the DAO: The Need For Legal Recognition and the Application of Securities Laws to Decentralized Organizations, *Cardozo Law Review*, v. 39, pp. 1547-48 available at [cardozolawreview.com/wp-content/uploads/2018/07/METJAHIC.39.4.pdf](http://cardozolawreview.com/wp-content/uploads/2018/07/METJAHIC.39.4.pdf); Skadden, Arps, Slate, Meagher & Flom LLP, "The Distributed

This is a matter of urgent concern, and it is imperative that we make progress toward an amicable agreement. We remain committed to a negotiated solution but will have to consider enforcement if cannot move these discussions forward. To that end, we look forward to receiving a response within 21 days or we will advise our client of their enforcement options.

You may contact me at +1 (212) 203-6651 or at [dab@boagip.com](mailto:dab@boagip.com).

Very truly yours,



David A. Boag

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Ledger: Blockchain, Digital Assets and Smart Contracts,” August 2021, [www.skadden.com/insights/publications/2021/08/the-distributed-ledger](http://www.skadden.com/insights/publications/2021/08/the-distributed-ledger) (“In the absence of legal entity status and direction from courts or legislators, concern has surfaced among users that DAOs are general partnerships, and therefore each of a DAO’s members would be personally liable for the actions (including fraud or material misrepresentations) of the partnership and of the other general partners.”).