RISK, GOVERNANCE & COMPLIANCE

Working Framework v1

Control architecture for Artist investment, rights administration, financial discipline, professional safety, regulatory boundaries, and investor oversight.

Prepared for management and financing discussions | August 2026

CONTROL PRINCIPLE

Artist-friendly does not mean financially undisciplined. Human-first does not mean governance-light. The Company should earn trust from Artists and investors through the same mechanisms: clarity, accountability, documented authority, and transparent rules.

This document is a management framework, not legal advice. Securities, employment, entertainment, intellectual-property, tax, privacy, and corporate-governance provisions should be finalized by qualified counsel before implementation.

1. Executive Risk Position

The Company operates at the intersection of creative judgment, private investment capital, Artist rights, intellectual property, live performance, sponsorship, technology, and long-term human relationships. Those characteristics create attractive upside, but they also create risks that should be managed deliberately from formation.

The objective is not to eliminate creative risk. Creative risk is fundamental to the business. The objective is to prevent avoidable legal, financial, operational, and reputational failures from compounding the inherent uncertainty of Artist development.

CORE GOVERNANCE IDEA

Take creative risk deliberately. Remove administrative risk systematically.

2. Governance Design Principles

- Capital follows evidence. Larger commitments require stronger documentation and broader approval.
- Artist money and Company money are accounted for separately at the ledger level.
- Rights are granted specifically, not through vague blanket ownership provisions.
- No individual should control initiation, approval, payment, and reconciliation of the same material transaction.
- Related-party transactions are disclosed and independently approved.
- Regulated activities are performed only by the Company when properly authorized, or by appropriately licensed partners.
- Professional safety is treated as an operating control, not merely a cultural statement.
- Investor oversight applies to enterprise risk and extraordinary matters, not routine creative decisions.
- Policies should be documented before the Company needs them under pressure.

3. Corporate Governance Architecture

The current financing architecture anticipates a Delaware C corporation before institutional financing, subject to counsel. Under Delaware law, the business and affairs of a corporation are generally managed by or under the direction of its board of directors. The Company should therefore establish a clear division between Board authority, executive authority, and delegated operating authority.

Layer	Primary Responsibility	Examples
Board of Directors	Enterprise oversight and extraordinary decisions	Financing, annual budget, major acquisitions, material related-party matters, extraordinary Artist exposure, CEO oversight
Founder / CEO	Company strategy and executive authority	Artist thesis, senior partnerships, leadership, approved budget execution, creative standards
Artist Investment Committee	Capital-allocation discipline	Funded-Artist approvals, acceleration tranches, portfolio concentration review
Finance / Operations	Control and verification	Budget checks, payment controls, accounting, reporting, contract and deliverable tracking
Outside Counsel / Specialists	Regulatory and technical expertise	Securities, talent-agency boundaries, employment, IP, tax, privacy, litigation

4. Recommended Board Structure

The current working recommendation remains a three-person Board: two Common / Founder-appointed seats and one Preferred investor seat. This preserves Founder-led operating and creative control while giving institutional capital direct visibility into governance.

Board-reserved matters should include

- Issuing new securities outside approved equity plans or financing authorizations.
- Borrowing or guaranteeing material debt outside an approved budget.
- Sale, merger, dissolution, or disposition of substantially all Company assets.
- Changes to the annual operating plan or budget above an agreed materiality threshold.
- Artist exposure above the Board-approved concentration limit.
- Material related-party transactions involving directors, officers, Founders, or affiliated entities.
- Appointment or removal of the CEO and material changes to executive compensation outside approved plans.
- Material litigation settlements or commitments above established thresholds.

Routine song selection, production decisions, mixes, Artist coaching, release sequencing, and ordinary live-development decisions should remain with management.

5. Delegation of Authority

The Company should adopt a written Delegation of Authority matrix at formation. The following is the recommended starting framework for the $4 million financing plan.

Decision / Exposure	Recommended Approval	Control
Ordinary operating spend within approved budget, up to $5,000	Authorized functional owner	Receipt / contract + monthly reconciliation

$5,001-$25,000 ordinary operating spend	Founder or delegated executive + Finance check	Budget availability confirmed before commitment
More than $25,000 off-budget operating commitment	Founder + Finance + written rationale	Board notice or approval depending on materiality
Artist validation capital, cumulative up to $10,000	Founder + standardized Artist investment memo	Scorecard, rights check, budget code
Artist exposure above $10,000 through $30,000	Founder + Operations / Finance concurrence	Milestone evidence documented
Artist exposure above $30,000 through standard $50,000 authorization	Artist Investment Committee majority	Updated economics + release / live plan
Acceleration above $50,000 cumulative Artist exposure	Artist Investment Committee + Finance certification	Written acceleration memo + portfolio concentration test
More than $100,000 cumulative exposure to one Artist	Board approval	Exceptional evidence and explicit downside case
Related-party transaction above de minimis threshold	Disinterested approval	Full disclosure + market benchmarking

6. Artist Capital Governance

Artist investment capital should never be treated as a discretionary creative expense pool. Every funded Artist should have an individual capital account, approved development plan, documented tranche history, and current recoupment position.

Capital gate sequence

Gate	Purpose	Maximum Working Authorization	Evidence Required to Advance
1. Validation	Confirm talent, conduct, fit, rights, and execution ability	$10,000	Performance evaluation, scorecard, rights diligence, agreed development plan
2. Production / Quality	Create commercially competitive recorded work	Additional $20,000	Completed validation milestones, budget, production plan, deliverable standards
3. Commercial / Live	Convert finished work into audience and stage readiness	Additional $15,000	Release readiness, live plan, partner pathway, measurable activity
4. Opportunity Reserve	Respond to specific time-sensitive opportunity	Additional $5,000	Defined opportunity, expected benefit, documented cost
5. Acceleration	Increase capital behind evidence-backed winners	$25,000-$100,000+ as justified	Traction, ticketing, streaming, brand, partner or other commercial evidence

NO AUTOMATIC $50K CHECK

The standard $50,000 authorization is a ceiling for staged initial deployment, not an entitlement. Undeployed capital remains Company capital until a documented gate is passed.

7. Portfolio Concentration Controls

The Company is designed as a portfolio business, not a single-Artist bet. Concentration limits should therefore be adopted before acceleration decisions become emotionally difficult.

- Initial working rule: no single Artist should exceed 10% of the combined Artist Investment Capital and Artist Acceleration Reserve without Board approval. On the current $1.8 million combined pool, that threshold is $180,000.
- No genre, manager, producer, geographic market, or referral source should become so concentrated that one external failure can impair the portfolio.
- Quarterly portfolio reviews should classify Artists as Validate, Build, Accelerate, Maintain, Pause, or Exit.
- Capital already spent is not a reason to deploy additional capital. Every new tranche must stand on current evidence.

8. Downside Discipline and Failed Artist Investments

The Company accepts that some funded Artists will not produce sufficient commercial return. Under the approved Artist Partnership philosophy, genuine market underperformance should not become personal debt when the Artist has performed agreed obligations in good faith.

Risk protection therefore comes from staged deployment, defined revenue participation, time-limited commercial rights, portfolio diversification, and the ability to stop future funding.

When an Artist underperforms

- Pause or cancel future tranches when milestone evidence is insufficient.
- Continue administering valid funded-asset rights during the applicable contractual term.
- Preserve accurate recoupment accounting without transferring Company overhead into the Artist balance.
- Document the loss thesis and lessons for future A&R and capital allocation.
- Allow unrecovered exposure to sunset according to the applicable agreement rather than creating indefinite personal liability.

9. Commercial Services Risk Controls

Commercial Services create near-term cash flow but should not become an uncontrolled custom-work business. The Company should use standardized scopes, deposits, milestone billing, change-order procedures, and approved terms.

- Collect meaningful deposits before reserving production capacity.
- Define deliverables, revision limits, third-party costs, rights, cancellation terms, and launch dependencies in writing.
- Do not promise specific commercial outcomes, audience growth, placements, or booking results.
- Do not extend material unsecured credit to Artists or managers without executive approval.
- Separate fee-for-service economics from investment-style participation unless a separate funded partnership is executed.

10. Cash Management and Payment Controls

The Company should establish banking and accounting controls appropriate for institutional capital from Day One.

Control	Recommended Standard
Bank authority	At least two authorized executives; Board visibility into signatory structure
Payment approval	Two-person approval for payments above a defined threshold, recommended starting point $10,000
Vendor onboarding	W-9 / W-8 documentation as applicable, contract or approved purchase record, validated payment instructions
Wire changes	Independent callback or secondary verification before changing vendor or Artist banking details
Corporate cards	Named cardholders, monthly limits, receipt requirements, no personal use
Reconciliation	Monthly bank, card, Artist subledger, and revenue-platform reconciliation
Cash forecast	Rolling 13-week cash forecast plus quarterly 30-month model refresh

Reserve protection	Artist Investment and Acceleration allocations tracked separately from ordinary overhead

11. Artist Accounting and Radical Transparency

The approved Artist model requires transparency that is operationally real, not merely promised in contracts. Each Artist should have a dedicated subledger capable of reconciling every dollar of revenue, direct cost, recoupment, and Artist payment.

Artist statements should show

- Gross revenue by category and source.
- Permitted direct deductions with transaction-level support.
- Artist share and Company share.
- Original and additional capital actually deployed.
- Capital applied to recoupment and remaining unrecouped balance.
- Progress toward the 1.0X and 2.0X Company receipt milestones.
- Current cash payable to the Artist.
- Any disputed item separately identified rather than silently netted.

Company salaries, Founder compensation, rent, general overhead, unrelated marketing, and arbitrary administration charges must never be placed into Artist recoupment unless a contract expressly identifies a legitimate Artist-specific cost and the Artist has agreed to it.

12. Master Rights and Chain of Title

The Artist Partnership Model is intentionally ownership-forward: the Artist owns the underlying master from creation, while the Company receives a defined exclusive commercial license over Company-funded masters for the agreed term.

Release-control checklist

- Executed Artist Partnership agreement before material capital deployment.
- Producer, engineer, featured-Artist, musician, sample, and other contributor agreements documented before release.
- Split sheets or songwriter confirmations completed before commercial distribution.
- Sample and interpolation clearance completed where required.
- ISRC, UPC, metadata, songwriter, publisher, producer, and rights-party information verified.
- License term, territory, revenue definitions, recoupment rules, and post-term rights entered into the rights-management system.
- No release until chain-of-title exceptions are either cured or specifically accepted by counsel.

13. Publishing and Songwriting Controls

Publishing is especially vulnerable to informal assumptions. Authorship should be documented from actual creative contribution rather than title, bargaining power, or employment status.

- The writer share remains with the actual songwriter.
- Company or Founder songwriting participation exists only where genuine authorship occurred and is documented.
- Any publisher-side participation associated with funded compositions must be clearly separated from writer authorship.
- Commercial Services clients do not automatically grant publishing participation.
- Publishing administration, if offered, should be separately documented and priced.
- Disputed splits should stop release or registration activity where the dispute creates material chain-of-title risk.

14. AI, Voice, Likeness and Digital Replica Governance

The Company should adopt a written Human-First Production Covenant and a separate AI / Digital Replica consent policy. California Labor Code section 927, effective January 1, 2025, makes certain digital-replica contract provisions unenforceable when they allow replacement of an individual's performance without sufficiently specific use descriptions and the individual lacked qualifying representation. The Company should operate above the minimum legal threshold.

Recommended Company standard

- No blanket assignment of future voice, likeness, or digital-replica rights.
- No cloning, synthetic replacement, or material alteration of an Artist voice or likeness without separate written informed consent.
- Material digital-replica consent should specify the exact use, media, territory, duration, compensation, approved models or vendors, and whether training or reuse is permitted.
- Artists should be encouraged to obtain independent counsel for any material digital-replica authorization.
- AI-assisted workflow use should be logged when it materially affects authorship, performance, provenance, or rights clearance.
- AI may assist the process. It does not replace the Artist.

15. Live Development and California Talent Agency Boundaries

Live performance is central to the Company thesis, which makes regulatory discipline particularly important. California Labor Code section 1700.4 defines a talent agency to include a person or corporation engaged in procuring, offering, promising, or attempting to procure employment or engagements for Artists. The statutory definition expressly includes musical Artists. Recording-contract procurement alone is treated differently.

The Company should therefore distinguish live development from regulated procurement. Management can develop the show, repertoire, commercial strategy, stage readiness, routing logic, and relationships. Where the activity crosses into procuring employment or engagements and a license is required, the Company should route that function through an appropriately licensed talent or booking agency, unless the Company itself has obtained the necessary authorization.

OPERATING RULE

Develop the live product internally. Procure regulated engagements through properly licensed partners unless counsel confirms the Company can lawfully perform the activity itself.

16. Sponsorship, Brand and Endorsement Compliance

Brand partnerships can create Company participation when the Company originates or materially facilitates the opportunity. They also create advertising-law risk. FTC guidance requires material connections between endorsers and marketers to be disclosed clearly and conspicuously when the relationship would not otherwise be apparent.

- All paid, gifted, affiliate, ambassador, or other material brand relationships should include disclosure obligations.
- Artists should receive simple written instructions for compliant social disclosures.
- The Company should not approve false product claims or testimonials outside the Artist's actual experience.
- Brand contracts should identify content usage rights, whitelisting, paid media, exclusivity, term, territory, cancellation, morality clauses, and approval rights.
- Name, image, likeness, and digital-replica rights should never be assumed from a sponsorship relationship.

17. Minors Policy

Working with minors can create additional opportunity but also materially higher legal and safeguarding obligations. California requires entertainment work permits for minors and permits for businesses employing minors in the entertainment industry. California also requires registration for persons providing specified child-performer services for a fee, and new legislation effective in 2026 expands mandated-reporter obligations for certain talent agents, managers, and coaches working with minors.

> **INITIAL RECOMMENDATION**
>
> Do not enter Company-Funded Artist Partnerships with minors during the initial operating phase unless entertainment counsel confirms the full employment, permit, trust, safeguarding, parent/guardian, education, and service-provider structure before any work begins.

18. Professional Safety and Conduct

The Company's safety standards should apply to employees, contractors, producers, executives, Artists, managers, and external collaborators. Talent access must never depend on personal or sexual compliance.

- No sexual coercion, intimidation, retaliation, exploitation of access, or quid-pro-quo behavior.
- Artists may involve a manager, representative, attorney, or trusted person in material meetings or sessions.
- Remote, hybrid, approved-studio, and Artist-controlled working environments should remain available when appropriate.
- Complaints should have at least two reporting channels, including one outside the direct chain of command.
- Retaliation for reporting or setting personal boundaries is prohibited.
- Allegations involving senior leadership should route directly to a disinterested Board member or outside counsel.
- Professional standards apply equally to Artists. Abuse, harassment, threats, fraud, and unsafe conduct can justify suspension or termination.

19. Conflicts of Interest and Related-Party Transactions

The Founder currently owns and operates other businesses. The new Company is intended to begin as a clean-start entity, which makes explicit conflict controls important.

Delaware corporate law provides mechanisms for interested-director and officer transactions when material facts are disclosed and the transaction is approved through appropriate disinterested processes or is fair to the corporation. The Company should adopt a stricter internal policy rather than rely on after-the-fact legal defenses.

Recommended rule

- MLC, BCMG, or any other Founder-affiliated company receives no automatic right to provide services to the new Company.
- Related-party engagements must be disclosed before commitment.
- Material services should be benchmarked against market alternatives.
- The interested person does not approve their own transaction.
- Board minutes should document approval of material related-party arrangements.
- No hidden management fees, pass-through markups, or Artist charges should be routed to Founder affiliates.

20. Key-Person and Succession Risk

Founder judgment is intentionally central during the initial phase, so key-person risk should be acknowledged directly. The response is institutionalization, not pretending the risk does not exist.

- Document A&R scorecards, production standards, Artist Development Plans, capital memos, partner protocols, and decision logic.

- Build a Head of Artist Partnerships / Operations role early enough to protect continuity.
- Develop multiple senior creative and producer relationships under Company standards.
- Maintain central access to contracts, rights data, financial records, partner contacts, passwords, and project status.
- Create an emergency authority and succession plan approved by the Board.
- Evaluate key-person life and disability insurance when the Board determines the economics justify it.

21. Vendor, Studio and Counterparty Risk

The Company should remain asset-light initially, but external reliance creates its own exposure. Approved vendors should be evaluated for competence, rights practices, safety, insurance, pricing, and reliability.

- Use written producer, studio, contractor, marketing, PR, distribution, and technology agreements.
- Require appropriate insurance from material event, production, and venue counterparties where commercially reasonable.
- Avoid large prepaid vendor balances unless necessary and protected by contract.
- Maintain backup providers for critical production, distribution, accounting, and rights functions.
- Do not allow one external platform to become the sole source of Artist financial records.

22. Cybersecurity, Data and Access Controls

Artist contracts, unreleased recordings, identity information, banking instructions, investor records, and commercial plans are high-value data. The Company should establish basic institutional security before scale.

- Mandatory multi-factor authentication on email, banking, accounting, storage, distribution, and admin systems.
- Role-based access rather than universal shared passwords.
- Password-manager use and immediate access revocation upon termination.
- Encrypted cloud storage with version history and backup for masters, contracts, and financial records.
- Separate storage and limited access for tax, banking, identification, and investor information.
- Incident-response protocol for account takeover, leaked masters, payment fraud, data loss, or unauthorized release.
- Privacy review as the Company approaches statutory thresholds or expands into jurisdictions with additional requirements.

23. Insurance Program

The final insurance program should be designed with a broker familiar with media, entertainment, events, technology, and venture-backed companies. Expected coverage categories include, as appropriate:

- Commercial general liability.
- Workers' compensation and employer-required coverage.
- Employment practices liability.
- Directors and officers liability after institutional financing.
- Errors and omissions / media liability, including music and content exposures where available.
- Cyber liability and incident response.
- Property / equipment coverage for Company-owned production assets.
- Event, production, or touring coverage when the Company is contractually exposed.
- Key-person coverage when appropriate.

24. Securities and Fundraising Compliance

The contemplated $4 million financing is a private-company securities offering and should be executed through securities counsel. Regulation D Rule 506 structures are commonly used for private offerings, but Rule 506(b) and Rule 506(c) differ materially, including whether general solicitation is permitted and how accredited-investor status is assessed.

- No public fundraising campaign, mass solicitation, or social-media investment promotion until counsel determines the offering exemption and communication rules.

- Investor materials must distinguish historical facts, Founder-provided claims, assumptions, projections, and illustrative case studies.
- No guaranteed return, guaranteed liquidity, or guaranteed Artist outcome language.
- Maintain a controlled data room so all serious investors receive consistent material information.
- Use subscription documents, capitalization records, Board approvals, securities filings, and investor-verification processes appropriate to the selected exemption.
- Post Oak or any placement intermediary should operate under its own applicable regulatory obligations, with counsel confirming the Company's responsibilities before launch.

25. Investor Reporting

Governance should produce visibility without turning investors into day-to-day operators. The recommended reporting rhythm is:

Cadence	Information
Monthly internal close	P&L, balance sheet, cash, budget variance, Artist subledgers, receivables, major commitments
Quarterly investor report	Financial statements, runway, Services revenue, Artist capital deployed, portfolio status, Company receipts, material risks, hiring, strategic developments
Quarterly Board meeting	Financial review, Artist portfolio, acceleration decisions, litigation / compliance, major contracts, capital plan
Annual Board approval	Operating plan, budget, executive compensation framework, insurance, key policies, capitalization plan
Immediate escalation	Material fraud, safety incident, litigation, cyber event, rights dispute, regulatory issue, liquidity threat, or other event above defined materiality

26. Incident Escalation Framework

Severity	Examples	Response
Level 1 - Routine	Minor contract issue, late deliverable, ordinary Artist dispute	Functional owner documents and resolves; reported in normal operating cadence
Level 2 - Material	Rights dispute, significant budget overrun, misconduct allegation, payment fraud attempt	Founder + Finance / Operations + counsel or HR specialist as appropriate; Board notice when material
Level 3 - Critical	Credible abuse allegation involving leadership, major cyber breach, threatened injunction on key release, material fraud, regulatory action, liquidity crisis	Immediate Board escalation, outside counsel, preservation of evidence, containment plan, controlled communications

27. Enterprise Risk Register

Risk	Impact	Primary Control	Owner
Artist underperformance	High	Staged capital + stop rules + portfolio diversification	Artist Investment Committee

Founder concentration	High	Operational leadership + documented systems + succession plan	Board / CEO
Rights / chain-of-title failure	High	Pre-release rights checklist + counsel escalation	Production / Legal
Talent-agency violation	High	Licensed booking partners + activity boundary policy	CEO / Legal
Royalty / Artist accounting error	High	Artist subledgers + monthly reconciliation + review	Finance
Professional misconduct	High	Conduct policy + independent reporting + Board escalation	CEO / Board
Cyber / payment fraud	High	MFA + access controls + payment verification	Operations / Finance
Commercial Services scope creep	Medium	Deposits + standardized SOW + change orders	Artist Partnerships
Related-party conflict	Medium-High	Disclosure + disinterested approval + benchmarking	Board
AI / digital-replica misuse	High	Standalone consent + provenance + counsel review	Creative / Legal
Vendor failure	Medium	Approved vendors + backup providers + contracts	Operations
Liquidity pressure	High	13-week cash forecast + reserve controls + budget governance	Finance / Board

28. Controls That Should Exist Before First Institutional Dollar Is Deployed

- Delaware incorporation and financing documents completed by counsel.
- Board and officer authorities documented.
- Annual budget and Delegation of Authority approved.
- Company bank, accounting, payroll, tax, and capitalization systems separated from all Founder entities.
- Artist Partnership agreement and Commercial Services agreement finalized by entertainment counsel.
- Artist Investment Memo, scorecard, development plan, and capital-gate templates operational.
- Producer / contributor agreements and release-rights checklist operational.
- Conflict-of-interest and related-party policy adopted.
- Professional conduct, safety, complaint, and retaliation policies adopted.
- AI / Digital Replica policy adopted.
- Cybersecurity baseline implemented.
- Insurance bound at appropriate effective dates.
- Investor reporting package and quarterly Board cadence established.

29. Controls That Can Be Added As the Company Scales

- Independent finance leader or controller as transaction volume warrants.
- Formal Board committees as governance complexity increases.
- External annual financial review or audit when required by investors, lenders, revenue scale, or future financing.
- Enterprise rights-management and royalty-accounting platform.
- Internal legal / business affairs leadership when contract volume justifies it.
- Dedicated information-security program as sensitive-data volume increases.
- Expanded HR and safeguarding infrastructure.
- International compliance framework before material non-U.S. expansion.

30. What the Company Will Not Do

- Use Artist ownership as collateral for unrelated Company obligations without specific contractual authority.
- Create hidden recoupment charges or move Company overhead into Artist balances.
- Promise that following the Company plan guarantees success.
- Procure regulated live engagements casually when a talent-agency license is required.
- Use undisclosed AI to replace an Artist's voice, likeness, or core performance.
- Allow Founder affiliates to invoice the Company without disclosure and approval.
- Raise investor capital using guaranteed-return language.
- Allow a famous Artist, important investor, or senior executive to operate outside professional-safety standards.
- Continue investing simply because the Company has already spent money.

31. Investor Governance Thesis

The Company is intentionally progressive in Artist economics and conservative in capital controls. Those positions are not in conflict.

Artists should know what they own, what the Company earns, what has been spent, and when obligations end. Investors should know where capital is going, who approved it, what rights the Company received, what the portfolio is producing, and how much liquidity remains.

SAME TRUST SYSTEM

The same transparency that protects the Artist protects the investor. The same documentation that protects the investor protects the Company.

32. Legal Implementation Priorities

The operating philosophy should now be converted into a coordinated legal and policy stack. Priority counsel work should include:

Priority	Deliverable
Corporate / financing	Charter, bylaws, Board consents, preferred financing documents, securities exemption strategy, stock plan
Artist partnership	Funded Artist agreement, master license, recoupment mechanics, exits, additional-tranche documentation
Commercial services	Master services agreement + statements of work + deposits / cancellations / revisions
Music rights	Producer agreements, features, musician releases, split sheets, sample clearance, publishing / admin forms
Live	Talent-agency boundary memo + licensed partner agreements + commission / referral structure
AI / identity	Human-First covenant + digital-replica consent + voice / likeness restrictions + vendor terms
Employment / safety	Employee and contractor agreements, handbook, complaint process, retaliation policy, minors protocol
Privacy / security	Privacy notices, data-security policy, vendor data terms, incident plan

33. Core Risk Conclusion

This Company should not be presented as low risk. Artist development is inherently uncertain, and the organization will initially depend significantly on Founder judgment. Those are real investment risks.

The stronger investment argument is that the Company is being designed so that those unavoidable risks are not multiplied by preventable operational failures.

The Company can accept that a song may not connect with the market. It should not accept that a master was released without clean rights.

It can accept that an Artist may not become commercially viable. It should not accept that capital was deployed without a documented decision.

It can accept that an investor may wait years for liquidity. It should not accept misleading fundraising statements.

It can accept aggressive creative ambition. It should not accept unsafe or exploitative behavior.

FINAL PRINCIPLE

Creative outcomes are uncertain. Governance should not be.

Source Notes and Current Legal References

These references support the legal and regulatory observations in this working framework. Final policies and agreements should be prepared or reviewed by qualified counsel based on the Company's actual jurisdictions and activities.

1. California Labor Code section 1700.4 - Talent agency definition and musical Artists: https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB&sectionNum=1700.4.

2. California Labor Code section 927 - Digital replica provisions in performance contracts, effective January 1, 2025: https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?article=&chapter=1.&division=2.&lawCode=LAB&part=3.&title=

3. California Department of Industrial Relations - Entertainment Work Permit for Minors: https://www.dir.ca.gov/dlse/Entertainment-Work-Permit.htm

4. California Department of Industrial Relations - Entertainment Permit to Employ Minors: https://www.dir.ca.gov/dlse/Entertainment-Permit-to-Employ-Minors.htm

5. California Department of Industrial Relations - Child Performer Services Permit: https://www.dir.ca.gov/dlse/Child_performer_services_permit.htm

6. Delaware General Corporation Law section 141 - Board of directors: https://delcode.delaware.gov/title8/c001/sc04/

7. Delaware General Corporation Law section 144 - Interested directors and officers / related transactions: https://delcode.delaware.gov/title8/c001/sc04/

8. Delaware General Corporation Law section 145 - Indemnification and insurance: https://delcode.delaware.gov/title8/c001/sc04/

9. U.S. Securities and Exchange Commission - Accredited Investors under Regulation D: https://www.sec.gov/file/building-blocks-accredited-investors-regulation-d-pdf

10. U.S. Securities and Exchange Commission - Securities Act rules and Rule 506(c) staff interpretations: https://www.sec.gov/rules-regulations/staff-guidance/corporation-finance-interpretations/securities-act-rules

11. Federal Trade Commission - Endorsement Guides / disclosure guidance: https://www.ftc.gov/business-guidance/resources/disclosures-101-social-media-influencers

12. U.S. Copyright Office - Copyright and Artificial Intelligence, Part 1: Digital Replicas: https://copyright.gov/ai/Copyright-and-Artificial-Intelligence-Part-1-Digital-Replicas-Report.pdf

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