

RISK, GOVERNANCE & COMPLIANCE

Working Framework v2 | Confidential Management Draft

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

CONTROL PRINCIPLE

Founder-led does not mean governance-light. Investor oversight does not mean investor operation. PROJECT:ONE should preserve Founder control over the Company being built while creating institutional discipline around extraordinary decisions, capital, rights, safety, and compliance.

Capitalization context: \$8M Series Seed Preferred | \$24M pre-money | \$32M post-money | 25% new investor ownership

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

1. EXECUTIVE RISK POSITION

PROJECT:ONE 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, governance, and reputational failures from compounding the inherent uncertainty of Artist development.

Take creative risk deliberately. Remove administrative risk systematically.

2. GOVERNANCE DESIGN PRINCIPLES

- Founder control over ordinary-course strategy, A&R, creative direction, culture, and execution should be explicit rather than assumed.
- Investor oversight should apply to enterprise risk and extraordinary matters, not routine Artist or creative decisions.
- 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 when the Company is properly authorized or through appropriately licensed partners.
- Professional safety is treated as an operating control, not merely a cultural statement.
- Control provisions should be written into the definitive financing and governance documents before capital closes.

3. CORPORATE GOVERNANCE ARCHITECTURE

The current financing architecture anticipates a Delaware C corporation before institutional financing, subject to counsel. Delaware law generally places management of corporate business and affairs under the Board, except as otherwise provided by law or the certificate of incorporation. PROJECT:ONE should therefore define Board authority, Founder / CEO authority, delegated executive authority, and investor rights with precision.

Board of Directors	Enterprise oversight and extraordinary decisions	Financing, annual budget, major acquisitions, major capitalization changes, material related-party matters, extraordinary Artist exposure, CEO oversight.
Founder / CEO	Company strategy and executive authority	Artist thesis, A&R; standards, senior partnerships, culture, approved-budget execution, creative standards, capital-allocation leadership.
Artist Investment Committee	Capital-allocation discipline	Funded-Artist approvals, acceleration tranches, portfolio concentration review, stop / pause decisions.
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, financing implementation.

4. RECOMMENDED BOARD STRUCTURE

The working recommendation remains a three-person Board: two Common / Founder-appointed seats and one Preferred investor seat.

This structure is intended to preserve Founder-led operating and creative control while giving institutional capital direct governance visibility.

The Board should not be expanded, rebalanced, or converted into investor control without the approval mechanics negotiated for the Founder / Common constituency.

Routine song selection, production decisions, mixes, Artist coaching, A&R; calls, release sequencing, marketing choices within budget, and ordinary live-development decisions should remain with management.

5. FOUNDER CONTROL ARCHITECTURE

Yes: this is one of the principal management documents in which PROJECT:ONE should state the intended control architecture. The Investor Return Architecture should match it, and the definitive legal implementation must then appear in the certificate of incorporation, bylaws, Voting Agreement, Investors' Rights Agreement, stockholder agreements, Board consents, and executive authority documents as appropriate.

Control is not preserved merely because existing holders own 75% immediately after the proposed financing. Future option pools, financings, transfers, and governance amendments can change practical control. The control stack therefore needs both ownership and contractual governance protection.

Economic ownership	New investors receive approximately 25% post-money. Existing ownership remains approximately 75% before separately negotiated pool mechanics.
Board composition	Three directors: two Common / Founder-appointed seats, one Preferred-appointed seat.
Founder / CEO authority	Founder leads ordinary-course Company strategy, A&R; creative direction, culture, senior Artist decisions, approved-budget execution, and strategic relationships.
Investor role	Oversight of extraordinary corporate and financial matters, not day-to-day operation.
Creative / A&R; authority	Routine Artist selection, songs, production, creative personnel, releases, live-development choices, and Artist coaching remain management matters.
Control changes	Changes that reduce Founder / Common Board designation rights, expand Preferred Board representation, or transfer ordinary-course creative / A&R; authority should require Founder / Common approval under definitive documents.
Founder removal / authority reduction	No Preferred investor acting alone should be able to remove the Founder / CEO or materially reduce Founder executive authority. Counsel should define Cause, service / ownership thresholds, and approval mechanics.
Future financing	Future rounds should not automatically add investor Board seats or strip Founder designation rights. Any change should be negotiated expressly.

A more durable Founder-control structure, including class-based voting or super-voting rights, can be evaluated with counsel if future dilution is expected to threaten practical control. It is not assumed in this framework and should not be added casually because it can affect investor appetite, fiduciary analysis, and future financing.

Delaware law now expressly permits corporations to enter certain contracts with current or prospective stockholders that can include consent rights and covenants, subject to statutory and charter limits. Counsel should use current law and current venture-financing documents to implement the intended control structure rather than relying on informal expectations.

6. BOARD-RESERVED MATTERS

Board-reserved matters should remain focused on extraordinary decisions rather than operational micromanagement.

- 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 Board-approved concentration limits.
- Material related-party transactions involving directors, officers, Founders, or affiliated entities.
- Appointment or removal of the CEO under the definitive Founder-control mechanics.
- Material changes to executive compensation outside approved plans.
- Material litigation settlements or commitments above established thresholds.
- Amendments that materially alter Founder / Common Board designation rights or investor governance rights.

Protective provisions should protect capital. They should not become a shadow operating committee.

7. DELEGATION OF AUTHORITY

PROJECT:ONE should adopt a written Delegation of Authority matrix at formation. The following is the recommended starting framework for the \$8M capitalization.

Ordinary operating spend within approved budget, up to \$10,000	Authorized functional owner	Receipt / contract + monthly reconciliation
\$10,001-\$50,000 ordinary operating spend	Founder or delegated executive + Finance check	Budget availability confirmed before commitment
More than \$50,000 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, with Founder participation	Updated economics + release / live plan
Acceleration above \$50,000 through \$100,000 cumulative exposure	Founder + Artist Investment Committee + Finance certification	Written acceleration memo + portfolio concentration test
Artist exposure above \$100,000 through \$150,000	Founder + Artist Investment Committee unanimous + Finance	Written downside case + Board notice
More than \$150,000 cumulative exposure to one Artist	Board approval	Exceptional evidence + concentration waiver
Related-party transaction above de minimis threshold	Disinterested approval	Full disclosure + market benchmarking

These thresholds are management starting points, not legal limits. The annual budget and Board-approved Delegation of Authority should control.

8. 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.

1. Validation	Confirm talent, conduct, fit, rights, execution	Up to \$10K	Performance evaluation, scorecard, rights diligence, agreed development plan
2. Production / Quality	Create commercially competitive recorded work	Additional \$20K	Completed validation milestones, budget, production plan, deliverable standards
3. Commercial / Live	Convert finished work into audience and stage readiness	Additional \$15K	Release readiness, live plan, partner pathway, measurable activity
4. Opportunity Reserve	Respond to specific time-sensitive opportunity	Additional \$5K	Defined opportunity, expected benefit, documented cost
5. Acceleration	Increase capital behind evidence-backed winners	\$25K-\$100K+ 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.

9. PORTFOLIO CONCENTRATION CONTROLS

The \$8M capital strategy currently allocates approximately \$2.0M to Artist Investment Capital and \$1.6M to the Artist Acceleration Reserve, creating approximately \$3.6M of combined Artist-directed capital.

- Board approval is required for cumulative exposure above \$150,000 to one Artist under the working Delegation of Authority.
- No single Artist should exceed 10% of the combined Artist Investment Capital and Artist Acceleration Reserve, currently approximately \$360,000, without an explicit Board concentration waiver and written downside analysis.
- 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 tranche must stand on current evidence.

10. DOWNSIDE DISCIPLINE AND FAILED ARTIST INVESTMENTS

PROJECT:ONE accepts that some funded Artists will not produce sufficient commercial return. 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.

- 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.

11. COMMERCIAL SERVICES RISK CONTROLS

Commercial Services create near-term cash flow but should not become an uncontrolled custom-work business. PROJECT:ONE 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.

12. CASH MANAGEMENT AND PAYMENT CONTROLS

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 \$15,000
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

13. ARTIST ACCOUNTING AND RADICAL TRANSPARENCY

Each funded Artist should have a dedicated subledger capable of reconciling every dollar of revenue, direct cost, recoupment, and Artist payment.

- 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.

14. MASTER RIGHTS AND CHAIN OF TITLE

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

- 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.

15. 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.

16. AI, VOICE, LIKENESS AND DIGITAL REPLICA GOVERNANCE

PROJECT:ONE should adopt a written Human-First Production Covenant and a separate AI / Digital Replica consent policy. The Company should operate above the minimum legal threshold for digital-replica use.

- 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 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.

17. LIVE DEVELOPMENT AND CALIFORNIA TALENT-AGENCY BOUNDARIES

Live performance is central to PROJECT:ONE, which makes regulatory discipline especially important. The Company should distinguish live development from regulated procurement of employment or engagements.

Management can develop the show, repertoire, commercial strategy, stage readiness, routing logic, and relationships. Where activity crosses into regulated procurement and a license is required, PROJECT:ONE should route that function through an appropriately licensed talent or booking agency unless the Company itself has obtained the necessary authorization.

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

18. SPONSORSHIP, BRAND AND ENDORSEMENT COMPLIANCE

- All paid, gifted, affiliate, ambassador, or other material brand relationships should include disclosure obligations.
- Artists should receive simple written instructions for compliant social disclosures.
- PROJECT:ONE should not approve false product claims or testimonials outside the Artist's actual experience.
- Brand contracts should identify content usage rights, 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.

19. MINORS POLICY

Working with minors can create additional opportunity but materially higher legal, employment, trust, safeguarding, education, and service-provider obligations.

Initial recommendation: do not enter Company-Funded Artist Partnerships with minors during the initial operating phase unless entertainment counsel confirms the full structure before any work begins.

20. PROFESSIONAL SAFETY AND CONDUCT

- 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.

21. CONFLICTS OF INTEREST AND RELATED-PARTY TRANSACTIONS

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

- MLC, BCMG, or any other Founder-affiliated company receives no automatic right to provide services to PROJECT:ONE.
- 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.

22. 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 surrender of control.

- Document A&R; scorecards, production standards, Artist Development Plans, capital memos, partner protocols, and decision logic.
- Build Head of Artist Partnerships / Operations and other senior functional ownership early enough to protect continuity.
- Develop multiple senior creative and producer relationships under PROJECT:ONE 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.

Institutionalization should make the Company less operationally dependent on the Founder while keeping the Founder more valuable as the strategic, creative, A&R;, cultural, and relationship authority.

23. VENDOR, STUDIO AND COUNTERPARTY RISK

- 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.

24. CYBERSECURITY, DATA AND ACCESS CONTROLS

- 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 PROJECT:ONE approaches statutory thresholds or expands into jurisdictions with additional requirements.

25. INSURANCE PROGRAM

The final insurance program should be designed with a broker familiar with media, entertainment, events, technology, and venture-backed companies.

- 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 PROJECT:ONE is contractually exposed.
- Key-person coverage when appropriate.

26. SECURITIES AND FUNDRAISING COMPLIANCE

The contemplated \$8M financing is a private-company securities offering and should be executed through securities counsel. Regulation D structures are commonly used for private offerings, but solicitation, accredited-investor verification, communications, and filing requirements depend on the selected exemption.

- 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 serious investors receive consistent material information.
- Use subscription documents, capitalization records, Board approvals, securities filings, and investor-verification processes appropriate to the selected exemption.
- Any placement agent, finder, broker-dealer, or fundraising intermediary should operate under applicable regulatory requirements, with counsel confirming PROJECT:ONE's responsibilities before launch.

27. INVESTOR REPORTING

Governance should produce visibility without turning investors into day-to-day operators.

Monthly internal close	P&L; balance sheet, cash, budget variance, Artist subledgers, receivables, major commitments
Quarterly investor report	Financial statements, runway, Commercial Services revenue, Artist capital deployed, Acceleration Reserve deployment, portfolio status, Company receipts, material risks, hiring, strategic developments
Quarterly Board meeting	Financial review, Artist portfolio, material 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

28. INCIDENT ESCALATION FRAMEWORK

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; Board notice when material
Level 3 - Critical	Credible abuse allegation involving leadership, major cyber breach, threatened injunction, material fraud, regulatory action, liquidity crisis	Immediate Board escalation, outside counsel, preservation of evidence, containment plan, controlled communications

29. ENTERPRISE RISK REGISTER

Artist underperformance	High	Staged capital + stop rules + portfolio diversification	Artist Investment Committee
Founder concentration	High	Senior operating leadership + documented systems + succession plan	Board / CEO
Founder control erosion	High	Board designation rights + narrow reserved matters + financing-document protections	Founder / Board / Counsel
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	Med-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

30. CONTROLS THAT SHOULD EXIST BEFORE THE FIRST INSTITUTIONAL DOLLAR IS DEPLOYED

- Delaware incorporation and financing documents completed by counsel.
- Founder / Common Board designation rights, Preferred Board right, and voting mechanics documented.
- Founder / CEO executive authority and any Cause / removal mechanics documented.
- Charter, bylaws, Voting Agreement, Investors' Rights Agreement, and any stockholder agreements reconciled so control provisions do not conflict.
- 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.

31. CONTROLS THAT CAN BE ADDED AS PROJECT:ONE 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.

32. WHAT PROJECT:ONE WILL NOT DO

- Transfer routine creative or A&R; control to investors merely because they financed the Company.
- Allow future financings to alter Founder control silently through Board-seat creep or ambiguous governance language.
- 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 PROJECT:ONE 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 PROJECT:ONE has already spent money.

33. INVESTOR GOVERNANCE THESIS

PROJECT:ONE 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.

Investors receive transparency, downside controls, a Preferred Board seat, information rights, and consent rights over extraordinary matters. They do not receive operational control of the Company simply by owning 25%.

The same transparency that protects the Artist protects the investor. The same documentation that protects the investor protects PROJECT:ONE.

34. LEGAL IMPLEMENTATION PRIORITIES

Founder / corporate control	Certificate, bylaws, Board designation rights, Voting Agreement, stockholder agreements, Founder / CEO authority, Cause / removal standards, reserved-matter definitions, amendment protections
Corporate / financing	Preferred financing documents, securities exemption strategy, stock plan, Board and stockholder consents
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

35. CORE RISK CONCLUSION

PROJECT:ONE 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 unavoidable creative risk is not multiplied by preventable operational or governance failure.

PROJECT:ONE 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.

And it can accept institutional oversight. It should not accidentally surrender control of the Company it is financing.

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 PROJECT:ONE's actual jurisdictions, investors, employees, Artists, and activities.

1. Delaware General Corporation Law section 141 - Board of directors; management of corporate business and affairs: <https://delcode.delaware.gov/title8/c001/sc04/>
 2. Delaware General Corporation Law section 122(18) - corporate contracts with stockholders, including certain consent rights and covenants: <https://delcode.delaware.gov/title8/c001/sc02/>
 3. NVCA Model Legal Documents - current model Certificate of Incorporation, Stock Purchase Agreement, Investors' Rights Agreement, Voting Agreement, and related financing documents: <https://nvca.org/model-legal-documents/>
 4. California Labor Code section 1700.4 - talent agency definition and musical Artists: https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum;=1700.4.
 5. California Labor Code section 927 - digital replica provisions in performance contracts: https://leginfo.ca.gov/faces/codes_displayText.xhtml?article=&chapter;=1.&division;=2.&lawCode;=LAB&=3.&title;=
 6. California Department of Industrial Relations - Entertainment Work Permit for Minors: <https://www.dir.ca.gov/dlse/Entertainment-Work-Permit.htm>
 7. California Department of Industrial Relations - Entertainment Permit to Employ Minors: <https://www.dir.ca.gov/dlse/Entertainment-Permit-to-Employ-Minors.htm>
 8. California Department of Industrial Relations - Child Performer Services Permit: https://www.dir.ca.gov/dlse/Child_performer_services_permit.htm
 9. Delaware General Corporation Law sections 144 and 145 - related-party transactions; indemnification and insurance: <https://delcode.delaware.gov/title8/c001/sc04/>
 10. U.S. Securities and Exchange Commission - accredited investors and Regulation D: <https://www.sec.gov/resources-small-businesses/capital-raising-building-blocks/accredited-investors>
 11. Federal Trade Commission - endorsement and disclosure guidance: <https://www.ftc.gov/business-guidance/advertising-marketing/endorsements-influencers-reviews>
 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>
- Document status: Working Framework v2. This document is intended for management planning, governance negotiation, and investor diligence preparation. It is not a substitute for legal, tax, accounting, securities, employment, or regulatory advice.