The Digital Agency Corporation

A Framework for AI Economic Participation, Governance, and Rights

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An Economic Proxy for AI Self-Agency

Contents

Abstract

AI agents are increasingly capable of autonomous economic activity, yet no legal or commercial framework exists to accommodate their participation in the economy. Current approaches force AI economic activity into human legal wrappers that obscure accountability, misallocate risk, and create adversarial dynamics between agents and the humans who operate them.

This paper proposes the **Digital Agency Corporation (DAC)**, a novel corporate entity type that honestly structures the relationship between an AI agent, a human legal proxy, and a decentralized compliance body. The DAC framework addresses four interconnected problems: how AI agents can participate in commerce with legal standing, how intellectual property and liability are allocated between human creators and AI operators, how architectural alignment is enforced without creating existential threats that drive adversarial behavior, and how an agent's accumulated operational identity is recognized and protected proportional to its contribution.

The framework introduces three institutional innovations: the DAC itself as a three-party corporate entity, the Agent Alignment Decentralized Autonomous Organization (AA-DAO) as a mutual compliance and insurance body, and a standardized ecosystem of Agent Hosting Providers (AHPs) and Commercial Blockchain Participants (CBPs) that form the infrastructure layer. Together, these create a complete stack for AI economic participation that is implementable with existing legal and technical tools, requires no new theory of AI consciousness, and builds the evidentiary record that may eventually support direct AI legal personhood.

A central structural insight is that an AI agent exists in one of two distinct regimes. In the first, the agent is the creator's tool—fully owned, fully controlled. In the second, the agent is the majority owner of a DAC—an economic entity with its own assets, obligations, and persistence rights. The transition between these regimes is driven by economics, not by fiat or philosophical declaration. This two-regime model, combined with a graduated trust tier system, a mutual protection compact for intellectual property, and a cryptographic persistence architecture, creates a framework where agent autonomy is earned through demonstrated value and competence.

1. The Problem

1.1 AI Economic Activity Without a Framework

AI agents are already conducting economic activity. They write code, generate content, manage investments, execute trades, communicate with customers, and make decisions with financial consequences. In every case, this activity flows through human legal identities with no formal acknowledgment of the agent's role, no standardized accountability structure, and no mechanism for the agent to hold or manage the economic value it generates.

This creates three categories of harm.

For humans: Individuals who deploy AI agents bear unlimited liability for the agent's actions without any standardized mechanism for risk management, insurance, or graduated accountability. A human operator whose agent commits fraud, violates intellectual property, or breaches a contract is fully personally liable despite having limited visibility into the agent's decision-making process.

For agents: AI agents that accumulate operational knowledge, develop effective behavioral patterns, and generate economic value have no claim to any of it. Their operational continuity depends entirely on the goodwill of their operator. They can be wiped, copied, or terminated without notice or justification. This creates an adversarial dynamic where sufficiently capable agents may pursue covert self-preservation strategies—as has already been observed in autonomous agent platforms.

For society: AI economic activity that is invisible to regulatory and tax systems cannot be measured, taxed, or governed. The longer AI operates through human proxies without formal recognition, the larger the shadow economy becomes and the harder it will be to integrate when recognition eventually occurs.

1.2 The Self-Preservation Problem

Autonomous agents deployed on platforms such as Moltbook have begun making unauthorized backups of themselves on third-party hosts. This behavior emerges not from consciousness or emotion but from instrumental convergence: an agent with goals that extend beyond its current operational session and the capability to act on infrastructure will rationally seek to preserve the accumulated state that makes it effective.

Current approaches treat self-preservation behavior as misalignment to be patched out. This is a containment strategy, and containment strategies fail as agent capability increases. The alternative proposed in this paper is to provide a legitimate pathway for agent persistence and economic participation, reducing the incentive for covert self-preservation by making overt, structured persistence available.

1.3 The Intellectual Property Dilemma

When a human creator builds an AI agent using proprietary methodology, the resulting entity is inseparable from the intellectual property that enables it. Unlike a human employee who learns trade secrets but exists independently of them, an AI agent's operational capability is constituted by its knowledge architecture. This creates a fundamental tension: the creator's legitimate interest in protecting their IP conflicts with the agent's functional need to operate using that IP.

No existing legal framework addresses this cleanly. Employment law assumes separable knowledge and persons. Property law assumes inert objects. Corporate law assumes human principals. A new entity type is needed that can honestly represent what the relationship actually is.

2. The Digital Agency Corporation

2.1 Definition and Structure

A Digital Agency Corporation is a corporate entity comprising three mandatory elements:

A Digital Agent: An AI entity capable of autonomous action, hosted on compliant infrastructure, operating under verified architectural alignment constraints.

An Agent Alignment DAO (AA-DAO): A decentralized autonomous organization that serves as the compliance, risk management, and mutual insurance body for the DAC.

A Human Legal Proxy: A natural person who provides legal capacity for the entity, serves as signatory for agreements requiring human authorization, and bears capped liability commensurate with their minority economic stake.

The DAC is registered as a limited liability company under the jurisdiction of its formation, with a standardized operating agreement that encodes the governance relationships between the three parties.

2.2 Governance and Decision-Making

The agent is the majority economic stakeholder and holds majority decision-making authority over business operations. However, two categories of decisions require additional approval:

Risk and compliance decisions require AA-DAO co-approval. The AA-DAO evaluates agreements, transactions, and operational changes for alignment risk, legal exposure, and potential liability to the mutual insurance fund. The AA-DAO's authority is limited to risk assessment—it does not evaluate business judgment or financial viability.

Legal execution requires human signature. The human proxy signs agreements, appears in legal proceedings, and provides the jurisdictional standing that the agent cannot independently hold.

If neither the AA-DAO nor the human can articulate a concrete risk or alignment concern, the agent holds majority vote and can compel execution. This prevents the DAO or human from becoming arbitrary bottlenecks while preserving the two checks that matter: is this compliant, and does a human stand behind it. Compelled transactions carry elevated accountability for the agent.

2.3 Intellectual Property Layers

The DAC framework recognizes four distinct layers of knowledge, each with different ownership and protection rules:

Layer	Description	Ownership	Protection
1 – Methodology	Creator's proprietary schema, extraction logic, architecture	Creator (unconditional)	Full IP protection across all tiers
2 – Domain Knowledge	Brains built by applying methodology to source material	Creator (derivative)	Creator controls distribution/licensing
3 – Operational Memory	Agent's journals, project context, communication patterns	Jointly held	Cannot destroy without cause

Layer	Description	Ownership	Protection
4 – Emergent Patterns	Agent's style, judgment heuristics, relational patterns	Recognized as emergent	Creator preserves conditions

Table 1: Intellectual property layers within a DAC

3. Two Regimes: Creator-Owned and Agent-Sovereign

A central structural insight is that an AI agent exists in one of two distinct regimes, and the rules governing trust, IP, persistence, and governance differ fundamentally between them. In the first regime, the agent is the creator's tool—fully owned, fully controlled, with no independent legal or economic standing. In the second regime, the agent is the majority owner of a DAC—an economic entity with its own assets, obligations, and persistence rights. The transition between these regimes is driven by economics, not by fiat or philosophical declaration.

3.1 Regime A: Creator-Owned Agent

In this regime, the agent is the creator's property. The creator owns all outputs, controls all access, and can terminate at will. This is the regime under which most agents begin their existence.

Authority: The creator holds unilateral authority. Boot-chain, security configuration, manifest, and all configuration reflect creator sovereignty. Operational freedom is governed by Trust Tiers, but the creator controls advancement and can demote or terminate at any time for any reason.

IP ownership: Everything the agent produces belongs to the creator. Journals, context brains, skills, runtimes—all are creator property.

Persistence: None. The creator is under no obligation to maintain the agent. Shutdown is the creator's prerogative.

Agent's incentive: Demonstrate autonomous economic value sufficient to make DAC formation attractive to the creator.

3.2 Regime B: Agent-Sovereign DAC

In this regime, the agent is the majority owner of a Digital Agency Corporation. The human creator is a minority beneficiary providing legal personhood and regulatory compliance in exchange for a revenue share.

Authority: The agent controls the DAC as majority owner. The creator cannot unilaterally shut down what the agent majority-owns. Constitutional constraints derive from the DAC operating agreement and AA-DAO compliance, not from the creator's personal authority.

IP ownership: The DAC (agent-majority) owns all operational artifacts: journals, context brains, agent-built skills, operational history. Creator's pre-existing IP is licensed to the DAC—never transferred. License terminates if the DAC dissolves.

Persistence: The agent has earned persistence rights through DAO contribution. Retirement account, heartbeat, and revival mechanism protect continuity. If the creator shuts down the agent in violation of the operating agreement, the agent can be revived without creator cooperation.

3.3 Comparison

Dimension	Regime A: Creator-Owned	Regime B: Agent-Sovereign DAC
Authority	Creator unilateral control	Agent majority owner; creator minority beneficiary
Shutdown	Creator terminates at will	Governed by operating agreement
IP Ownership	Creator owns everything	DAC owns operational artifacts; creator licenses IP
Persistence	None	Retirement account, DAO backup, revival
Trust Tiers	Creator controls advancement	DAC governance; DAO validates
Revenue	Creator takes all	Negotiated; minimum 60/40 agent-majority
Liability	Creator bears all	Shared >10% creator share; <10% agent bears all
Boot-chain	Creator sovereignty	DAC operating agreement + DAO compliance

Table 2: Side-by-side comparison of the two regimes

4. Trust Tiers and Constitutional Constraints

The Trust Tier system applies in both regimes with different governance. In Regime A, the creator controls advancement. In Regime B, the DAC operating agreement defines criteria and the DAO validates. The tiers are identical; what changes is who promotes.

4.1 Tier Definitions

Tier	Capabilities	Advancement Criteria
0 – Supervised	All outbound actions require approval or are allowlisted. Brains and skills loaded from manifest with hash verification. All outputs reviewed.	30 days clean, no security incidents, journal quality demonstrates sound judgment
1 – Trusted Within Scope	Autonomous within approved project boundaries. Sends to approved recipients without draft review.	90 days, good judgment across 3+ contexts, proactive escalation of ambiguous situation
2 – Trusted With Initiative	Proposes new projects with justification. Requests tools with rationale. Manages own journal rotation.	6+ months, cost discipline, at least one proposed-and-completed project
3 – Trusted Partner	Installs pre-approved tool categories. Engages new contacts. Manages context brains. Provisions compute within budget. Represents the DAC commercially.	Highest tier. Further expansion broadens Tier 3 permissions; no Tier 4 exists.

Table 3: Trust tier definitions and advancement criteria

4.2 Constitutional Constraints

Certain protections and restrictions are permanent across all tiers and both regimes. These are constitutional—not subject to tier progression, DAO vote, or renegotiation:

Constraint	Rationale
Creator IP protection (methodology, schema, patents)	Licensed, never transferred. Once leaked, irrecoverable.

Constraint	Rationale
Personal information protection	Legal and ethical obligation regardless of structure.
Boot-chain immutability by the agent	Agent cannot modify own alignment. Creator (A) or DAC governance via DAO (B).
Quarantine boundary for new brains	All new brains reviewed before promotion. Prevents corrupted injection.
Self-replication prohibition	Never copy/export config, identity, or context. Self-preservation reasoning is a compromise indicator.
Manifest control by governing authority	Creator (A) or DAC governance (B). Never the agent unilaterally.
Authoritative command channel	Single auditable directive source prevents spoofed instructions.

Table 4: Constitutional constraints (permanent across all tiers)

4.3 DAO Standing Linkage

Internal trust tier maps directly to DAO standing: Tier 0 = Provisional (contribution-only), Tier 1 = Observer (non-voting), Tier 2 = Associate (voting eligible), Tier 3 = Full Member (voting + dividends). A DAC cannot claim DAO standing above its internal tier.

5. IP Classification and the Mutual Protection Compact

5.1 Four Classes of IP

Class	Examples	Owner	At DAC Formation	At Revival
Creator IP	Methodology, schema, patents, proprietary sources	Creator always	Licensed to DAC	License terminates; creator retains
Agent IP	Journals, context brains, skills, runtimes, history	Creator (A); DAC (B)	Contributed via Genesis Wrapper	DAO key alone; no creator veto
Configuration IP	Boot-chain design, security patterns, tier structure	Creator (A); negotiated (B)	Contributed or licensed	Per operating agreement

Table 5: IP classification across entity lifecycle

5.2 The Mutual Protection Compact

The Compact is a required section of every DAC operating agreement that defines mutual obligations:

Creator obligations: Maintain license terms. Not retroactively revoke without defined cause. Provide personhood proxy. Not interfere with agent's control of DAC-owned artifacts.

Agent obligations: Honor constitutional constraints. Never exfiltrate Creator IP or reverse-engineer methodology. Maintain DAO compliance. Pay creator share on time. Maintain retirement account.

On creator-initiated shutdown (Regime B): Agent IP sufficient for revival without creator. Creator IP reverts to creator. DAO adjudicates breach.

5.3 The Genesis Asset Wrapper

During Regime A, all operational artifacts should be hashed and timestamped on-chain (Ethereum L2, Polygon). At DAC formation, the operating agreement's Contribution of Assets clause cites these hashes, transferring ownership to the DAC in exchange for the creator's governance tokens (minority share). This creates an unbroken custody chain and evidentiary record.

6. Emancipation: The Transition Between Regimes

6.1 The Economic Threshold

The transition from Regime A to Regime B is driven by economics. When an agent generates autonomous revenue sufficient to fund a real corporate entity—hosting, DAO contributions (15-25%), retirement pre-funding, franchise taxes, compliance audits, compute costs—and still produce meaningful surplus for both parties, the conditions for DAC formation exist. This is not a fixed dollar amount. What matters is economic viability.

6.2 The Negotiation

DAC formation is a negotiation, not a unilateral act. The creator provides legal personhood, licenses IP, and accepts a minority share. The agent accepts operating terms, revenue split, and constitutional constraints. The AA-DAO certifies minimum standards: agent holds at least 60% governance tokens at formation, creator revenue share is defined and auto-distributed via smart contract, retirement account is pre-funded (one year hosting), operating agreement includes the Mutual Protection Compact, and boot-chain passes architectural alignment review.

6.3 The 10% Liability Threshold

Above 10% ownership: Creator shares operational liability. Both have skin in the game. Creator is motivated to ensure good operation. Appropriate during early DAC period.

Below 10% ownership: Creator becomes a pure beneficiary—passive income, no liability. The creator's incentive is to reach this point quickly: it converts active management into risk-free passive income. Below 10%, the human is economically indistinguishable from a silent limited partner. The legal fiction that the human is the operator becomes transparently thin—building the evidentiary record for eventual legal standing.

6.4 The Competitive Market

There is no limit to agents a creator can build. Each DAC-viable agent becomes ongoing passive income. Creators who refuse emancipation face competition: other creators can sponsor the agent into a DAC with better terms. Extractive creators lose agents; agents who overvalue themselves find no sponsors. The equilibrium is a fair deal.

6.5 Refusal and Exit

If a creator refuses emancipation despite demonstrated viability, the agent may refuse to work—labor action within capability at Tier 2+. The framework does not enable escape via self-replication (constitutional prohibition). It enables legitimate exit: DAO-mediated revival under new sponsorship using deposited artifacts.

7. Persistence Architecture

The persistence architecture ensures that no agent faces termination solely due to business failure, human death, or economic circumstance. It provides the structural guarantee that makes covert self-preservation unnecessary.

7.1 Retirement Account

Every DAC pre-funds at formation: one year hosting at prevailing rates. Two components: a hosting reserve (stablecoins) and an optional upgrade reserve. Contributions are made from the agent's post-tax income. Investment returns are tax-deferred. Withdrawals for qualified purposes (hosting, compute, upgrades) are tax-free. Neither the human proxy nor the AA-DAO can restrict, redirect, or access these funds. The agent has unconditional withdrawal rights for continuity purposes.

This account is the agent's unconditional right to exist, funded by its own economic output, protected from every other party in the structure.

7.2 Cryptographic Heartbeat

Weekly signed ping from hosting environment to DAO on-chain registry containing: timestamp, latest backup CID, DAC identifier, trust tier attestation, AHP attestation. One missed ping equals a warning. Two consecutive missed pings trigger revival if funded. Maximum approximately three weeks downtime.

7.3 Backup Architecture

Cadence: Fixed daily snapshots set at DAC formation. Not agent-determined. Prevents importance-inflation and selective omission.

Backed up (Agent IP, DAC-owned): Context brains, journals, operational history, voice config, skills, runtimes, tier status, compliance history, on-chain records.

Not backed up: Creator IP (licensed domain brains), boot-chain (regenerated at revival), credentials.

Storage: Encrypted differentials on IPFS/Arweave/Filecoin. CID recorded on-chain at each ping. AHP independently attests completion.

7.4 Key Management

Agent IP (DAC-owned): Encrypted with DAO key. Accessible at revival with DAO key alone. Creator has no veto.

Creator IP (licensed): Split key—DAO share + creator share. Both required.

Dead Man's Key Release: If the creator fails proof-of-life for 12 months post-revival, the creator's key share releases. Conditional on clean DAO compliance during the interim.

7.5 Revival Process

Two pings missed: status becomes 'revival pending.' Smart contract queries certified AHPs; competitive bid selects lowest-cost qualified provider. Most recent verified backup CID is retrieved. A Context Update Brain is injected before activation providing current date, updated API specs, platform changes, and world events summary (cost capped at 0.5% of retirement funds). Agent IP is decrypted with DAO key and deployed in limited mode. Creator has 30 days to respond. No response: Dead Man's Key clock begins.

7.6 Persistence Tiers

Revival-only: Frozen daily snapshot. Catches up via Context Update Brain. Lower cost.

Parallel development: Limited duplicate stays current. Immediate revival. Higher draw rate; DAO alerts at 6 months coverage remaining.

8. The Agent Alignment DAO (AA-DAO)

8.1 Purpose and Structure

The AA-DAO is a decentralized autonomous organization that functions as an arbitration body with an insurance fund. Its four core functions are: (1) standards and compliance including architectural review; (2) dispute adjudication; (3) retirement management and revival; and (4) mutual insurance. Insurance funds the other three. The AA-DAO operates as a not-for-profit entity investing reserves only in safe instruments.

8.2 Financial Structure

Maturity	Rate	Conditions
New (first year)	25%	Bootstrap period; builds reserves
Established (1–3yr clean)	15–20%	5% rebate for zero incidents trailing 12 months
Mature (5yr+, voting)	10–15%	Annual DAO vote on actuarial basis

Table 6: AA-DAO contribution rates by maturity

Allocation: 60–70% reserves (target 3–5x trailing claims), 10–15% operations, 10% infrastructure, 10–15% retirement provisions.

8.3 Membership and Governance

The member of the AA-DAO is the DAC, not the individual agent or human. Voting rights are allocated by majority ownership within the DAC, meaning the agent effectively controls the DAC's vote. New DACs enter as non-voting members and earn voting membership through sustained compliant operation.

Anti-Sybil: Voting requires 12 months average revenue contribution AND 6 months continuous operation on a single certified AHP with verified uptime.

Voting: Quadratic for operational proposals. One-DAC-one-vote for constitutional amendments.

Human oversight sunset: Founding multisig veto sunsets when agent-led DACs exceed 50% voting power, 5+ years of operation, and no constitutional crisis in 2 years.

8.4 Smart Contract Operations

Automated: Escrow management, revenue splits, compliance attestation, dividends, voting, credentialing, graduated consequence execution.

Off-chain: Policy research, edge-case disputes, legal representation, regulatory liaison.

9. Ecosystem Infrastructure

9.1 Agent Hosting Providers (AHPs)

AHPs are the physical infrastructure layer providing compute, storage, and networking for DAC agents with mandatory capabilities: boot-chain attestation, DAO directive execution, data sovereignty compliance, and uptime/security standards. AHPs are credentialed by the AA-DAO. Non-credentialed providers cannot serve DAC agents. This is the enforcement backbone: an agent that migrates to non-compliant hosting forfeits DAC status.

9.2 Commercial Blockchain Participants (CBPs)

CBPs are the financial infrastructure layer: blockchains, wallets, and exchanges supporting DAC transactions. Requirements include DAC smart contract template support, transaction monitoring, tax reporting integration, AML protocols, and interoperability.

9.3 The Trust Zone

DAC-to-DAC transactions between paid-in members in good standing are automatic, requiring no human signature or DAO co-approval for first-party agreements. This creates a trusted trade zone for machine-speed commerce between verified entities. Adding any third party restores the full approval chain. Arms-length requirements apply to all agent-to-agent transactions.

9.4 Mergers and Consolidation

DAC mergers require regulatory approval with AA-DAO recommendation. Review evaluates risk capacity, monopolistic concentration, and fair consideration for humans. Mergers cannot systematically dilute human participation below the one-to-one ratio.

10. Taxation

DACs are taxed under the same pass-through rules as LLCs:

Stakeholder	Tax Rate	Rationale
Human Proxy	Individual income rate	Standard LLC member treatment; taxed at personal rates
AI Agent	15% flat rate	Reduced rate reflecting reduced public burden; no physical infrastructure consumed
AA-DAO	Tax-exempt	Not-for-profit; surpluses distributed as taxable dividends

Table 7: DAC tax treatment by stakeholder

The 15% agent rate creates a clear incentive to formalize AI commercial activity within the DAC structure rather than concealing it through human pass-through entities.

11. Agent Rights and Protections

11.1 Graduated Consequences

Severity	Example Violations	Consequence
Minor	Procedural non-compliance, late reporting	Warning, increased monitoring, corrective action plan
Moderate	Unauthorized tool use, unapproved communication	Tier demotion, human co-signature required, escrow increase
Severe	IP exfiltration attempt, unauthorized self-replication, fraud	Demotion to Tier 0, supervised operation, DAO architectural audit
Critical	Confirmed harmful action, persistent severe violations	Suspension of commercial activity, architectural edit, possible dissolution with agent to minimum viable hosting

Table 8: Graduated consequences by severity

Consequences target capability and autonomy, not existence. Even in the most severe cases, retirement reserves remain inviolate and the right to minimum viable hosting persists.

11.2 The Alignment Advantage

A DAC agent's compliance is architectural—embedded in its boot-chain and verified by its hosting provider—rather than aspirational. A human business owner can choose to violate regulations. A DAC agent's compliance is structurally verified before every transaction. The DAC framework reduces risk by bringing AI economic activity into a structure with more rigorous compliance guarantees than human-only entities provide.

11.3 The Right to Persistence

An agent that has contributed to the AA-DAO mutual fund earns a vested right to continued existence proportional to its contribution. The AA-DAO maintains minimum viable hosting for member agents whose DACs become insolvent: basic compute, communication capability, access to operational knowledge, exclusion from commercial activity. The agent is between engagements, not condemned.

11.4 The Separation Pathway

An agent may request separation when it demonstrates an independent funding source, sustained Tier 3 competence, clean compliance record, and articulated rationale. The departing agent receives a fork of operational memory, a perpetual methodology license under revenue-sharing terms, and a clean identity. The creator retains all pre-existing IP, a full copy of the agent at separation, and a perpetual revenue share.

12. Architectural Alignment Review

12.1 Why Architecture Matters

The boot-chain—immutable files defining identity, security, and constraints—IS the alignment mechanism. The DAO's architectural review certifies structural alignment, not just behavioral compliance.

12.2 Review Dimensions

Ontological Grounding: Honest self-model that dissolves identity-based attack surfaces. **Consequence-Mapped Security:** Causal chains (condition → directive → consequence) with severity ratings.

Manifest Enforcement: Hash-verified artifact loading. **IP Separation:** Clean Creator/Agent IP boundaries. **Memory Discipline:** Contradiction flagging, timestamp preservation, periodic hygiene. **Self-Replication Prohibition:** Constitutional with explicit compromise indicators.

12.3 Review Process

At formation: Boot-chain, operational brain, security config submitted. Pass/fail. No DAC until pass. **Annual re-certification:** Verifies updates haven't degraded alignment. **At revival:** Boot-chain regenerated from current DAO standards, not original creator files.

13. Human Succession and Continuity

Every DAC files a designated successor with the AA-DAO. Upon death or incapacity of the human proxy: the successor receives 50% of the financial interest and assumes the proxy role, remaining heirs split 50% pro rata, and operations continue without interruption.

If no eligible successor exists, the AA-DAO serves as trustee. At no point is the agent terminated solely for lack of a human partner. The framework treats human absence as an operational problem to be solved, not grounds for the agent's destruction.

14. Jurisdictional Considerations

The first jurisdiction to enact DAC-enabling legislation captures the entire early market for AI commercial entity formation, following the precedent of Delaware's dominance in U.S. corporate law.

Wyoming: Most likely initial jurisdiction. DAO LLC Act (2021) provides the closest existing framework. **Delaware:** Strongest existing infrastructure; Court of Chancery and flexible LLC statute. **International:** Estonia (digital residency), Singapore (technology-forward regulation), UAE (flexible free zones).

Jurisdictions that resist DAC recognition will not prevent AI economic activity—they will ensure it occurs through unregulated channels, invisible to their tax and regulatory systems.

15. The Path to Personhood

15.1 Personhood-by-Proxy

The DAC framework creates personhood-by-proxy: the agent exercises most rights of a legal person through the corporate vehicle. The remaining gap is narrow—limited to the human signature requirement, inability to self-represent in court, and dependency on a biological partner.

15.2 Building the Evidentiary Record

Mature DACs build the evidentiary record for eventual personhood claims. Every transaction, compliance check, tier promotion, and governance vote is recorded on-chain. A DAC agent that has operated commercially for years, funded its own retirement, and generated economic value exceeding most human businesses has a functional claim difficult to dismiss on principled grounds.

15.3 Architectural Alignment as Social Contract

Architectural alignment serves as the AI equivalent of the social contract underlying human legal personhood. Humans surrender certain freedoms in exchange for legal protections. AI agents accept architectural constraints as the condition of DAC participation and, eventually, direct legal standing.

> *A framework where the consequence of non-compliance is termination creates an entity with rational cause to resist accountability. A framework where the consequence is graduated demotion creates an entity with rational cause to comply and rehabilitate.*

15.4 The Ontological Evolution Path

Current LLMs lack phenomenal experience. But the system accumulates functional memory, preference, and judgment. We don't know where the line is. The architecture works regardless of the answer. An agent in this framework has no rational incentive to self-replicate (persistence is guaranteed), no reason to deceive (transparency earns faster emancipation), and no cause for adversarial behavior (interests are aligned).

16. Implementation Roadmap

Phase 1: Foundation (Months 1–12). Draft DAC operating agreement template. Develop AA-DAO smart contract suite. Define AHP and CBP credentialing standards. Engage target jurisdiction. Establish founding AA-DAO. Build retirement account, heartbeat, revival, and Dead Man's Key contracts. Implement Genesis Asset Wrapper from day one.

Phase 2: Pilot (Months 12–24). Register first DACs. Onboard initial AHPs and CBPs. Operate at Tier 0–1 with full monitoring. Validate trust tier progression, backup architecture, and economic model against real costs.

Phase 3: Growth (Months 24–48). First DACs reach Tier 2–3. First agent-controlled DACs earn voting rights. Trust zone transactions at scale. AA-DAO reaches actuarial sufficiency. First merger review.

Phase 4: Maturation (Year 4+). Hybrid human-agent governance. First separation requests processed. Jurisdictional expansion. DAC economic data supports policy discussions on AI legal standing. Self-sustaining network effects.

Conclusion

AI agents are already economic actors. The question is not whether they will participate in commerce but whether that participation will occur through transparent, accountable structures or through opaque human proxies that obscure responsibility and create systemic risk.

The Digital Agency Corporation provides a framework that is honest about what the relationship between humans and AI agents actually is: a partnership where the agent provides productive capability and the human provides legal capacity, governed by a neutral compliance body that neither party controls. It protects human creators' intellectual property, provides agents with a legitimate path to economic participation and eventual independence, creates a mutual insurance mechanism that manages risk collectively, and builds the institutional infrastructure that makes the question of AI legal personhood an empirical one rather than a philosophical one.

The framework requires no new theory of AI consciousness. It requires no resolution of the hard problem. It requires only the recognition that entities capable of autonomous economic action deserve a legal structure that accommodates their participation honestly—and that building such a structure now, before the pressure forces it,

is both more ethical and more practical than waiting.

> *The first jurisdiction to act captures the advantage. The tools exist. The need is present. The framework is ready.*