

The DUNA DAO Framework

A Legal Substrate for Decentralized Governance

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Abstract

Decentralized Autonomous Organizations (DAOs) coordinate large groups of participants through cryptographic systems and distributed governance, yet historically lack legal personhood. This absence exposes members to liability, prevents contracting, and creates regulatory ambiguity. The Wyoming Decentralized Unincorporated Nonprofit Association Act (“DUNA Act”) introduces a legal entity designed explicitly for decentralized governance systems. This paper presents a concise, system-level explanation of the DUNA DAO framework: what it is, what problems it solves, what constraints it imposes, and how it interfaces with on-chain governance. The goal is to provide a neutral technical description of DUNA as a legal primitive, analogous to how early protocol papers described foundational internet infrastructure.

1 Introduction

DAOs enable open, permissionless coordination through software. However, software alone does not interact with courts, regulators, banks, or tax authorities. Without legal personhood, DAOs risk being treated as:

- General partnerships
- Informal associations
- Collections of individuals with joint liability

The DUNA Act, enacted by the State of Wyoming in 2024, creates a legal entity purpose-built for decentralized, nonprofit governance systems. Rather than imposing traditional corporate hierarchy, DUNA allows governance rules to be defined by distributed ledger technology and member consensus. This paper explains the DUNA DAO as a legal substrate, not a business model.

2 Definition of a DUNA DAO

A Decentralized Unincorporated Nonprofit Association (DUNA) is a legal entity formed by at least 100 members organized for a common nonprofit purpose. It is governed by member-defined principles and is capable of using distributed ledger technology and smart contracts for governance. A DUNA is not a corporation, not a partnership, and not a foundation.

3 Interaction Between Code and Law

The DUNA framework establishes a boundary where code determines decisions and the law recognizes the entity executing them (See Figure 1).

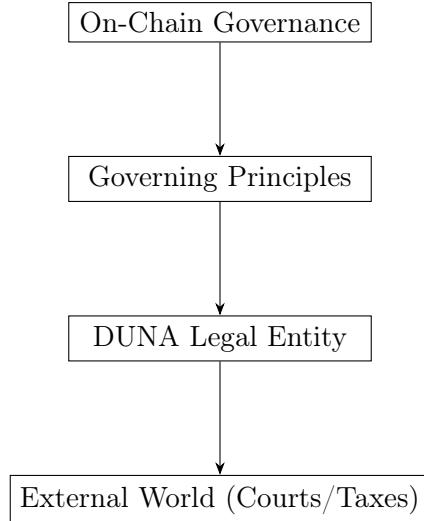


Figure 1: The Interface between Smart Contracts and Legal Recognition.

4 Core Properties

4.1 Legal Personhood

A DUNA can own property, enter contracts, sue and be sued, and pay taxes. It exists separately from its members. Members are not personally liable for the obligations of the association solely by virtue of membership.

4.2 Governance by Code

The statute explicitly permits governance via smart contracts and algorithmic consensus mechanisms. This aligns legal authority with on-chain decision-making.

4.3 No Mandatory Management Layer

Unlike traditional corporations, no board of directors or officers are required. Administrators are optional and their authority must be explicitly granted by members.

5 Economic Constraints

DUNA is classified as a nonprofit association under state law. This implies no dividends to members and no residual profit distributions. However, the statute explicitly allows for-profit activity, reasonable compensation for services (e.g., node operators or contributors), and reimbursement of expenses.

6 Structural Comparison

DUNA is uniquely designed to mitigate risks found in earlier DAO wrappers (See Figure 2).



Figure 2: Comparison of Legal Architectures.

7 Conclusion

The DUNA DAO is a legal primitive. By recognizing decentralized governance as a first-class organizational form, the DUNA framework allows DAOs to exist within the legal system without abandoning their core principles. As decentralized systems mature, DUNA provides a foundation upon which compliant, resilient governance structures can be built.

References

1. Wyoming SF0050 — Decentralized Unincorporated Nonprofit Association Act (2024).
2. Jennings, M. & Kerr, D. *The DUNA: An Oasis for DAOs*, a16z crypto (2024).
3. Wyoming Statutes §17-32-101 through §17-32-129.