

Proposal: Establish a Legal Defense Fund to Cover Subpoena-Related Costs for Uniswap DAO Delegates

Summary

As decentralized autonomous organizations (DAOs) evolve and gain influence, their participants, including delegates, increasingly face legal scrutiny from regulatory bodies and other entities. Recently, it has come to light in private communications that some DAO delegates and participants may have been subpoenaed in connection with their activities within the DAO, some in highly alarming and threatening situations.

To support and protect Uniswap DAO participants from the growing legal risks associated with their involvement, we propose setting aside \$10 million in a dedicated Operator Legal Defense Fund. This fund will be used exclusively to cover legal expenses incurred by participating delegates in responding to subpoenas related to their participation in the Uniswap DAO.

Rationale

The regulatory environment around decentralized finance (DeFi) and DAOs remains uncertain and rapidly evolving. As a result, Uniswap DAO participants are increasingly vulnerable to legal actions initiated by governmental and regulatory bodies. Without the appropriate financial support, individual delegates may face overwhelming legal costs simply for their role in representing the DAO and participating in governance.

Given the significant legal risks faced by Uniswap DAO members, it is crucial for Uniswap to establish a similar legal support mechanism.

By allocating \$10 million to this Legal Defense Fund, we are creating a safeguard for our delegates and participants, ensuring they have access to proper legal representation and the resources needed to respond to subpoenas.

Proposal Details

1. Fund Allocation
2. The DAO will allocate \$10 million to establish a Legal Defense Fund. This fund will be reserved solely for covering legal and operational expenses related to subpoena responses for Uniswap DAO participants.
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4. Eligibility Criteria
5. To qualify for reimbursement from the Legal Defense Fund, a participant must:
6. Be an active Uniswap DAO delegate at the time the subpoena was issued. (TBD: this could be made broader, for example some people might not be participating because of legal risk)
7. Provide verifiable proof of the subpoena related to their role within the DAO.
8. Submit legitimate legal bills associated with their defense or response to the subpoena.
9. Be an active Uniswap DAO delegate at the time the subpoena was issued. (TBD: this could be made broader, for example some people might not be participating because of legal risk)
10. Provide verifiable proof of the subpoena related to their role within the DAO.
11. Submit legitimate legal bills associated with their defense or response to the subpoena.
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13. Be an active Uniswap DAO delegate at the time the subpoena was issued. (TBD: this could be made broader, for example some people might not be participating because of legal risk)
14. Provide verifiable proof of the subpoena related to their role within the DAO.
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16. Be an active Uniswap DAO delegate at the time the subpoena was issued. (TBD: this could be made broader, for example some people might not be participating because of legal risk)
17. Provide verifiable proof of the subpoena related to their role within the DAO.
18. Submit legitimate legal bills associated with their defense or response to the subpoena.
19. KYC Requirement

20. Given the sensitive nature of distributing funds for legal purposes, KYC (Know Your Customer) verification will be required before any payouts are made. This ensures accountability and prevents misuse of funds while maintaining the security and integrity of the DAO.
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22. Fund Disbursement Process
23. Eligible delegates will submit a formal reimbursement request, including evidence of their legal expenses and proof of the subpoena.
24. Each case will be reviewed by an independent team, which will verify the documentation before authorizing the release of funds.
25. To ensure fairness and transparency, a detailed process for submitting and reviewing claims will be implemented.
26. TBD: Unclear what sort of privacy requirements need to be implemented at this point.
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30. TBD: Unclear what sort of privacy requirements need to be implemented at this point.
31. Governance and Oversight
32. A designated committee, consisting of community members and legal experts, will oversee the management of the Delegate Legal Defense Fund. This committee will be responsible for reviewing and approving disbursement requests and ensuring that the funds are used appropriately.
33. (TBD: I am not personally a fan of creating committees willy-nilly, so I'd like to leave this point as something to be determined if this proposal gains traction)
34. A designated committee, consisting of community members and legal experts, will oversee the management of the Delegate Legal Defense Fund. This committee will be responsible for reviewing and approving disbursement requests and ensuring that the funds are used appropriately.
35. (TBD: I am not personally a fan of creating committees willy-nilly, so I'd like to leave this point as something to be determined if this proposal gains traction)
36. Fund Administration

(TBD)

- The administration of the Legal Defense Fund will be determined in collaboration with the Uniswap community and stakeholders.
- Options under consideration

include having the Uniswap Foundation manage the fund directly, given its role in overseeing the broader mission and operations of the DAO. However, due to potential legal and jurisdictional complexities, it may be more appropriate to create a separate legal entity

specifically dedicated to managing the fund.

- This entity would be responsible for the following tasks:
- Managing and disbursing the funds in accordance with the guidelines set by the DAO.
- Conducting KYC and verifying the eligibility of applicants.
- Working with external legal advisors to review claims and ensure proper fund usage.
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The exact structure, governance, and operational details of the fund administration are left as TBD

at this time. This will be fleshed out through a community discussion and agreed upon prior to moving toward an on-chain vote. Careful attention will be paid to compliance with legal standards while ensuring that the fund operates efficiently and in alignment with the decentralized nature of the Uniswap DAO.

The goal of this proposal is not to create extended processes and entities but rather a streamlined process for ensuring that Delegates have appropriate legal coverage for their participation in governance.

Conclusion

The success of the Uniswap DAO is built on the contributions of its participants and delegates, who have taken on significant responsibilities and risks in shaping the future of decentralized finance. By establishing this Legal Defense Fund, the DAO will demonstrate its commitment to protecting its members from legal threats and ensuring they have the necessary resources to navigate these challenges.

In an uncertain regulatory landscape, it is critical that we take proactive steps to safeguard the rights and well-being of our community members. This fund will not only provide financial protection but also ensure that the DAO continues to operate with the full confidence of its delegates and participants.