

UNDERSTANDING WEB3

LESSON 18: DECENTRALIZED ORGANIZATIONS AND GOVERNANCE

A Prison Professors Self-Directed Course

Estimated time: 75–110 minutes**Educational and Safety Boundary:**

This lesson provides general education about decentralized organizations, governance, voting systems, and related risks. It does not provide individualized financial, investment, legal, tax, organizational, or voting advice. No activity requires internet access, an account, a wallet, a digital asset, or a transaction. Opening Guidance

While serving 26 years in federal prison, I learned that a written plan has value only when people understand it, carry it out, review the results, and accept responsibility for what follows. A schedule could organize my study time, but it could not make me study. A goal could guide my choices, but it could not make the choices for me.

Blockchain communities face a similar challenge. Smart contracts can record proposals, count voting power, restrict treasury access, and execute approved instructions. Those tools can create a visible process. They cannot guarantee informed participation, fair influence, wise decisions, honest leadership, or responsible use of resources.

People often use the phrase decentralized autonomous organization, or DAO, to describe a community that coordinates through blockchain tools. The name can create two misunderstandings. Decentralized does not prove that influence is broadly distributed. Autonomous does not prove that the organization operates without people.

People still write proposals, persuade voters, delegate authority, maintain code, interpret rules, control interfaces, respond to emergencies, and complete work outside the blockchain. If a community approves funding for an educational program, code may transfer the approved tokens. People must still create the lessons, serve participants, document outcomes, and account for the resources.

The independent PP token community gives us a useful recurring example. Neither Prison Professors nor I created, organized, managed, or controlled that token project. The community formed independently and connected its work with our mission. Its token, public communications, and visible on-chain activity show that people can organize around a shared purpose. Those features do not by themselves prove that the community is a DAO or explain how its decisions are made.

PURPOSE AND ESSENTIAL QUESTION

Lesson 18 explains how blockchain communities may organize proposals, voting, resources, and decision-making. It introduces governance tokens, voting power, delegation, treasuries, quorum, execution, and the risks created by low participation or concentrated influence.

Essential Question:

- » What makes a decision-making process responsible, transparent, and fair?

LEARNING OBJECTIVES

After completing this lesson, you should be able to:

- » Define decentralized autonomous organization and governance token.
- » Describe a basic proposal and voting process.
- » Identify participation, concentration, delegation, security, legal, and accountability challenges.
- » Evaluate whether formal voting power produces meaningful decentralization.

KEY TERMS

DECENTRALIZED AUTONOMOUS ORGANIZATION

Definition: A community or organization that uses blockchain-based rules, smart contracts, and collective decision procedures to coordinate selected activities, resources, or protocol changes. The abbreviation is DAO.

Sample sentence: The decentralized autonomous organization required a public proposal and vote before its treasury could fund the project.

GOVERNANCE

Definition: The rules, roles, and processes used to make decisions, assign authority, resolve disagreements, and hold participants accountable.

Sample sentence: The community's governance process explained who could propose a change, who could vote, and how an approved action would be carried out.

GOVERNANCE TOKEN

Definition: A token designed to represent or help calculate voting power in a blockchain-based governance system.

Sample sentence: The governance token gave holders voting units, but the distribution of those units affected how widely influence was shared.

PROPOSAL

Definition: A documented recommendation asking a community or governance system to approve a defined decision or action.

Sample sentence: The proposal identified the requested treasury amount, intended recipient, timeline, risks, and method for reporting results.

VOTING POWER

Definition: The amount of influence an account, person, or delegate can apply to a vote under the system's rules.

Sample sentence: One account held enough voting power to defeat a proposal supported by many smaller participants.

DELEGATION

Definition: The assignment of voting power to another person or account that may vote as a representative, generally without transferring ownership of the underlying token.

Sample sentence: The holder used delegation so that a representative with more time could review proposals and cast informed votes.

TREASURY

Definition: Resources controlled for a community or organization and used according to its approved rules.

Sample sentence: The treasury released funds only after the proposal passed, the waiting period ended, and the authorized transaction was executed.

MAIN LESSON

A DAO IS AN ORGANIZATION SUPPORTED BY TOOLS

A DAO may use smart contracts to manage selected rules and resources. The tools can create public records and automate narrow actions. The organization still depends on people.



PEOPLE MAY:

- » Define the mission.
- » Decide who can participate.
- » Write and discuss proposals.
- » Choose a voting method.
- » Delegate voting power.
- » Review code and financial effects.
- » Vote or abstain.
- » Maintain interfaces and communication channels.
- » Perform approved work.
- » Resolve conflicts and respond to failures.

The balance between code and people differs across organizations. One DAO may place treasury control behind an on-chain vote and timelock. Another may use an off-chain poll to advise a multisignature group. A third may call itself a DAO while a small development team retains broad administrative power.

The label does not establish the design. A responsible learner asks which decisions occur on-chain, which occur off-chain, who controls each step, and what evidence shows that the published process is followed.

“AUTONOMOUS” HAS LIMITS

In a governance setting, autonomous commonly refers to code carrying out defined rules without asking a conventional manager to approve each transaction. For example, a governor contract may accept a proposal, record votes, determine whether quorum was reached, place a successful action into a time delay, and later allow execution.

The code does not create the proposal’s purpose. It does not examine every social consequence. It does not confirm that voters read the supporting information. It does not supervise the person who receives a grant. It cannot create a fair exception unless the rules include one.

A DAO can automate an authorization process while retaining human judgment throughout the larger system. That distinction keeps learners from treating code as leadership.

GOVERNANCE TOKENS AND VOTING POWER

A governance token may represent voting units. In a simple token-weighted design, one token provides one unit of voting power. A person or organization holding more tokens can exert more influence.

Token-weighted voting can be easy to calculate and verify on a blockchain. It can also create concentration. Founders, early participants, investors, a treasury, or a small number of large holders may control enough voting power to submit proposals, reach quorum, block changes, or determine outcomes.

Token ownership and voting power are not always identical. A holder may need to delegate voting power to the holder's own address before voting. A holder may instead delegate to a representative. A system may measure voting power at a recorded snapshot so that later token transfers do not change the weight used for an active proposal.

A governance token may have market value, voting use, or both. Voting rights do not guarantee ownership of a legal entity, a share of revenue, a right to treasury assets, or protection from loss. The actual rights depend on the system's documents, code, facts, and applicable law.

OTHER VOTING DESIGNS

Not every governance system uses one-token-one-vote.

One-person-one-vote can give each verified member equal formal influence. It creates an identity challenge in an open digital system: how does the community prevent one person from creating many identities?

Reputation-based voting may give greater influence to contributors with a record of service. The community must decide who measures contribution, how records can be corrected, and whether past influence becomes too difficult to challenge.

Role-based voting may give selected decisions to technical reviewers, elected councils, safety committees, or grant teams. This can improve expertise and speed while concentrating authority.

Some systems combine methods. Token holders may elect delegates. Delegates may review proposals. A security council may have limited emergency powers. A timelock may delay execution. The community may require public reporting after treasury funds are used.

No voting design produces fairness automatically. Each design chooses which values to emphasize, such as equal membership, financial exposure, contribution, expertise, speed, resistance to manipulation, or broad participation.

THE PROPOSAL LIFECYCLE

A formal governance process commonly moves through several stages:

1. Idea and discussion. A participant describes a problem, seeks feedback, and revises the concept.
2. Written proposal. The proposer states the requested action, reasons, costs, risks, conflicts, timeline, and expected result.
3. Eligibility review. The system checks whether the proposer satisfies any threshold and whether the proposal follows required format and scope.
4. Voting delay or review period. Participants receive time to study the final proposal and arrange delegation.
5. Voting period. Eligible voters cast support, opposition, or abstention according to the system's rules.
6. Count and quorum. The system evaluates voting power, participation, and the rule for success.
7. Queue and timelock. A successful proposal may wait before execution so participants can review the approved action or respond to a discovered problem.
8. Execution. An authorized account or smart contract performs the approved on-chain actions.
9. Reporting and accountability. People document how resources were used, whether the intended work occurred, and what the community learned.

Different systems use different stages. Some votes only express community preference and require people to act afterward. Other proposals contain executable instructions that can change protocol settings or transfer treasury assets after approval.

A proposal should distinguish the human-readable explanation from the executable action. A description can sound reasonable while attached code does something else. Technical reviewers may need to verify that the requested calls match the stated purpose.

PROPOSAL THRESHOLDS AND QUORUM

A proposal threshold is the minimum voting power or other qualification required to submit a formal proposal. It can reduce spam and prevent the system from reviewing endless low-quality requests. A threshold set too high can prevent smaller participants from placing useful ideas before the community.



Quorum is the minimum participation required before a vote can produce a valid outcome. It is intended to prevent a small number of active voters from deciding for an inactive community.

Quorum creates tradeoffs. A low requirement may allow a small group to control decisions. A high requirement may cause reasonable proposals to fail because many eligible voters do not participate. A large holder may have enough voting power to reach quorum alone or prevent others from reaching it.

A vote can satisfy every formal rule while still showing weak decentralization. If three accounts hold most voting power, the outcome may reflect those accounts even when hundreds of smaller holders participate.

DELEGATION CAN IMPROVE PARTICIPATION AND CONCENTRATE INFLUENCE

Governance can require time and knowledge. Participants must read proposals, understand technical effects, identify conflicts, and follow changes. Many holders will not complete that work for every vote.

Delegation allows a holder to assign voting power to a representative without transferring the underlying asset. A capable delegate can study proposals, explain reasoning, and vote consistently. Delegation can help people who lack time, technical knowledge, or access.

DELEGATION ALSO CREATES RISKS:

- » Many holders may choose the same well-known delegate.
- » A delegate may receive enough power to dominate proposals or outcomes.
- » A delegate may have an undisclosed conflict.
- » A representative may vote without explaining the decision.
- » Holders may stop reviewing the delegate's record.
- » Incentives may encourage votes that benefit the delegate rather than the community.
- » A compromised delegate account may place substantial voting power at risk.

Responsible delegation requires transparency. A delegate should disclose interests, publish reasoning, participate consistently, protect credentials, and accept that delegators can withdraw their authority.



TREASURIES CONNECT VOTING WITH RESOURCES

A DAO treasury may hold tokens or other digital assets intended for grants, development, operations, reserves, or public purposes. Smart contracts can restrict access so that resources move only after approved conditions are satisfied.

Public treasury records can help people observe incoming and outgoing transactions. They do not explain every decision or prove that off-chain work occurred. A transfer shows that assets moved to an address. It does not by itself identify the person who ultimately controlled the resources, establish the quality of the work, or confirm that the community received the promised result.

Responsible treasury governance may require:

- » A clear budget and purpose.
- » Conflict-of-interest disclosure.
- » Named or verifiable responsibility for deliverables.
- » Milestones or staged payments.
- » Independent review for large requests.
- » A waiting period before execution.
- » Records connecting on-chain transfers with off-chain invoices, reports, or outcomes.
- » A process for unused resources, failed work, and disputes.

Treasury transparency should connect authorization, transaction records, and performance reporting.

TIMELOCKS AND EMERGENCY POWERS

A timelock creates a delay between approval and execution. The delay can give participants time to inspect the final action, identify a hidden error, withdraw from a protocol, or organize a response.

A delay cannot correct a harmful proposal by itself. The system needs a lawful and authorized way to cancel, pause, or replace the action when a serious defect appears.

Some systems give a guardian, council, multisignature group, or administrator limited emergency power. That authority may help stop an exploit quickly. It can also concentrate control.

EVALUATE:

- » Which actions can be paused?
- » Who holds the emergency authority?



- » Can the authority move treasury assets or only stop functions?
- » How many independent approvals are required?
- » How long does the power last?
- » Must the community ratify or review the emergency action?
- » Are actions and reasons published?

Safety and decentralization can pull in different directions. A system should state the tradeoff clearly.

PARTICIPATION IS MORE THAN CASTING A VOTE

Meaningful governance requires more than counting ballots. Participants need understandable proposals, enough review time, reliable information, accessible discussion, and a practical opportunity to influence the result.

A voting interface may be open while participation remains narrow because transaction fees, language, technical complexity, internet access, time zones, disability barriers, or lack of information exclude people. Token holders may remain inactive because they believe large holders have already determined the outcome.

Participation quality also counts. A high turnout can still produce weak governance when voters follow a promoter, accept an undisclosed payment, misunderstand the executable action, or vote without reviewing the proposal.

USEFUL GOVERNANCE RECORDS MAY SHOW:

- » The proposal and all revisions.
- » Supporting and opposing arguments.
- » The identity or declared role of the proposer.
- » Conflicts and financial interests.
- » Voting-power distribution.
- » Delegate statements and voting history.
- » Quorum and final counts.
- » The executable action.
- » The time and result of execution.
- » Follow-up reports.

Transparency improves the opportunity for review. It does not guarantee that participants use the information well.



CONCENTRATION CAN HIDE BEHIND FORMAL VOTING

Imagine a community with 1,000 token holders. If five accounts control 70 percent of active voting power, the community may have broad membership and narrow authority.

CONCENTRATION CAN ARISE THROUGH:

- » Unequal token distribution.
- » Low participation among smaller holders.
- » Delegation to a few representatives.
- » Treasury-controlled voting units.
- » Founder or investor allocations.
- » Vote-buying or temporary incentives.
- » Cross-holdings among related organizations.
- » Technical proposal thresholds that only large delegates can satisfy.

The number of wallets does not equal the number of independent people. One person can control several wallets, while one wallet can represent many people or an organization. Blockchain records show addresses and voting units; additional evidence may be needed to understand real control.

Meaningful decentralization is a question of distribution, participation, independence, checks, and accountability—not only the existence of a voting contract.

GOVERNANCE ATTACKS AND SECURITY RISKS

A governance system may control valuable contracts and treasuries. Attackers can target the decision process rather than only the application code.

POSSIBLE ATTACKS AND FAILURES INCLUDE:

- » Acquiring or borrowing enough voting power to influence a proposal.
- » Hiding a harmful action inside a complicated proposal.
- » Compromising a delegate, administrator, or multisignature signer.
- » Manipulating an off-chain discussion or voting interface.
- » Creating many false identities in a one-person voting system.
- » Bribing voters or delegates.
- » Exploiting a defect in the governor, token, timelock, or treasury contract.
- » Rushing a proposal through before participants can review it.
- » Preventing quorum or execution through coordinated inaction.

Snapshots, proposal thresholds, review periods, timelocks, multiple signers, audits, and public debate can reduce selected risks. Each control also adds complexity or creates a new authority.

ACCOUNTABILITY DOES NOT END AT EXECUTION

An approved vote authorizes an action under the system's rules. It does not prove that the action is wise, ethical, lawful, or successful.

ACCOUNTABILITY ASKS:

- » Who wrote the proposal?
- » Who benefited?
- » Who reviewed the risks?
- » Who voted and with how much influence?
- » Who performed the approved work?
- » What evidence shows the intended result?
- » Who can investigate a failure?
- » What remedy or correction process exists?

A community can publish every vote and still fail to explain a conflict or report an outcome. Public records are strongest when they connect with clear human responsibility.

LEGAL STATUS AND RESPONSIBILITY

The word DAO does not automatically create a recognized legal entity, limit liability, define ownership, or remove regulatory duties. Legal treatment depends on the organization's activity, participants, jurisdiction, economic structure, and other facts.

In a 2017 United States report about a specific project called The DAO, the Securities and Exchange Commission concluded that the tokens offered and sold in that arrangement were securities under the facts it examined. That finding should not be converted into a claim that every governance token or DAO is the same. It demonstrates that a technology label does not replace analysis of the actual arrangement.

DAO participants may face questions involving contracts, securities, tax, employment, intellectual property, consumer protection, privacy, fiduciary duties, sanctions, or other laws. The relevant questions vary. A person or organization should seek qualified advice for a real arrangement.

APPLIED CASE: COMMUNITY SUPPORT DOES NOT AUTOMATICALLY CREATE A DAO

The independent PP token community formed without direction or control from Prison Professors or CZ. Its members created a token, communicated through public channels, and connected part of the token's programmed activity with a public mission treasury. That independent effort shows how people who did not previously know our team can discover documented work and choose to support it.

The story can inspire learners to build a record of disciplined preparation. It also gives us an opportunity to apply governance analysis accurately.

A token does not automatically create a governance system. A public treasury address does not automatically show who can authorize future use. A Telegram group does not automatically define membership or voting rights. A smart contract does not automatically establish a legal organization.

Before describing any community as a DAO, I would look for evidence addressing these questions:

- » Who may submit a proposal?
- » Which decisions are subject to voting?
- » Who may vote?
- » How is voting power calculated?
- » Can voting power be delegated?
- » What quorum and approval rules apply?
- » Who can change the rules or contracts?
- » Who controls emergency powers?
- » How is the treasury authorized and protected?
- » How are off-chain mission decisions reviewed and reported?
- » How are conflicts disclosed?
- » What legal or organizational structure, if any, supports the activity?

The current course case does not need answers to all those questions. Its purpose is to teach us not to infer a governance structure from a token or public balance alone.

If a community later adopted formal proposal, voting, delegation, and reporting procedures, learners could compare the published rules with actual records. Until evidence supports that description, the accurate language is independent token community rather than DAO.



APPLIED SCENARIO: THE SECOND CHANCE LEARNING TREASURY

The following scenario is fictional and requires no device, account, token, or transaction.

A group called the Second Chance Learning Network wants to fund educational materials. It creates a paper model of a DAO before considering any technology. The group has ten members and a treasury of 100 learning credits. The credits have no cash value and exist only for this exercise.

A member proposes spending 30 treasury credits to produce a new workbook. The proposal includes the purpose and amount but does not identify the writer, delivery date, quality standard, conflict disclosures, payment stages, or reporting requirement.

THE GOVERNANCE RULES SAY:

- » At least 50 voting units must participate for quorum.
- » More voting units must support than oppose the proposal.
- » Abstentions count toward quorum but not toward support or opposition.
- » A successful proposal waits seven paper-days before execution.
- » One guardian can pause execution for a suspected security problem.
- » No rule requires the guardian to publish a reason or obtain later community review.

Voting power is distributed as follows:

- » Member A: 40 units.
- » Member B: 20 units.
- » Member C: 10 units.
- » Member D: 10 units.
- » Member E: 5 units.
- » Member F: 5 units.
- » Member G: 3 units.
- » Member H: 3 units.
- » Member I: 2 units.
- » Member J: 2 units.

Members A and B oppose the proposal. Members C through J support it.

Under one-person-one-vote, eight members support and two oppose. Under the token-weighted rules, 40 units support and 60 oppose. The same people reach opposite results under two different definitions of voting power.

The scenario exposes several governance questions. The proposal is incomplete. Two people control most voting power. The guardian has broad discretion without a reporting rule. The community can see the vote, but it still needs evidence that funded work is completed.

A better proposal could name the responsible party, disclose relationships, define milestones, split payment into stages, specify review criteria, require a completion report, and explain what happens if the work is late or incomplete.

BENEFITS, LIMITATIONS, RISKS, AND MISCONCEPTIONS

POSSIBLE BENEFITS

- » Public proposals and voting records can support transparent review.
- » Smart contracts can enforce thresholds, voting periods, quorum, delays, and approved on-chain actions.
- » A treasury can require collective authorization rather than one person's signature.
- » Delegation can help participants choose informed representatives.
- » Timelocks can provide review time before approved actions execute.
- » Communities can coordinate people across institutions and locations.
- » Written governance rules can clarify authority and accountability even when a blockchain is not used.

LIMITATIONS AND RISKS

- » Voting power may be concentrated among founders, investors, treasuries, or large delegates.
- » Low participation can allow a small group to control outcomes or prevent quorum.
- » One person may control several addresses, while one address may represent many people.
- » A proposal description may not match its executable instructions.
- » Delegates can have conflicts, poor participation, weak security, or excessive influence.
- » Governance contracts, tokens, treasuries, timelocks, and interfaces can contain defects.
- » Emergency powers can support safety while concentrating authority.
- » Public votes can create pressure, retaliation, bribery, or privacy concerns.

- » Treasury transactions do not prove that off-chain work was completed.
- » A successful vote does not establish ethical, legal, or practical success.
- » The legal status and duties of a DAO or its participants can be uncertain.

COMMON MISCONCEPTIONS

- » “A token community is automatically a DAO.” A community needs defined governance rules, authority, and evidence of how decisions are made.
- » “Autonomous means no people are involved.” People design, propose, review, vote, maintain, execute, and complete off-chain work.
- » “One token equals one person.” One person can control many addresses or tokens, and one address can represent many people.
- » “More voters always means more decentralization.” A few large accounts can outweigh many smaller participants.
- » “Delegation spreads power.” Delegation can improve representation or concentrate power among a small number of delegates.
- » “A public treasury is fully accountable.” The blockchain shows selected transfers, while human reporting must explain purpose, recipients, performance, and results.
- » “A passed proposal is automatically wise.” Formal approval does not prove accurate information, good judgment, or a beneficial outcome.
- » “A timelock prevents harmful actions.” A delay creates review time; people still need authority and a process to respond.
- » “Code eliminates leadership.” Governance still requires judgment, communication, maintenance, conflict resolution, and responsibility.
- » “A DAO label removes legal duties.” Legal treatment depends on facts, activities, participants, and jurisdiction.

OFFLINE EXERCISE: COMPARE GOVERNANCE POWER

Estimated time: 30–35 minutes

Materials: Separate paper and a pencil.

Use the fictional Second Chance Learning Treasury. Do not use a website, wallet, account, token, or real asset.

1. Copy the ten-member voting-power distribution and confirm that it totals 100 units.
2. Record each member’s position on the workbook proposal.

3. Calculate the result under one-person-one-vote.
4. Calculate the result under the stated token-weighted rules.
5. Explain why the same participants produce different outcomes.
6. Suppose only Members C through J vote. Determine whether their 40 voting units reach the 50-unit quorum.
7. Suppose only Members A and B vote. Determine whether their 60 voting units reach quorum and what result follows.
8. Explain how two members can produce a valid outcome while eight members cannot produce one under the stated distribution.
9. Now assign ten equal voting units to each member. Recalculate the result and explain how the distribution changed the outcome.
10. Assume Members E through J delegate their combined 20 voting units to Member C. Explain one possible benefit and two risks of that delegation.
11. Identify five missing details in the workbook proposal that voters should request before authorizing treasury resources.
12. Rewrite the guardian rule so that emergency action has a narrow scope, a published reason, a time limit, and later community review.

Finish with one paragraph of six to eight sentences:

What makes a decision-making process responsible, transparent, and fair? Address participation, distribution of influence, understandable information, conflicts, security, execution, and follow-up reporting.

The exercise does not ask you to choose a perfect voting system. It asks you to identify how different rules distribute authority and shape outcomes.

KNOWLEDGE CHECK

MULTIPLE CHOICE

1. Which description best fits a decentralized autonomous organization?
 - a. A group in which software replaces every human decision
 - b. A community that uses blockchain-based rules and collective procedures to coordinate selected decisions or resources
 - c. Any online group that discusses a token
 - d. A legal entity with identical status in every jurisdiction
2. What is delegation?
 - a. Transferring ownership of all tokens to a centralized exchange



- b. Assigning voting power to a representative under the governance rules
- c. Guaranteeing that a delegate will vote correctly
- d. Eliminating the need for voters to review a delegate's conduct
- 3. Why can token-weighted voting remain concentrated?
 - a. Every token always represents a different person
 - b. Larger holders or delegates may control a high percentage of active voting power
 - c. Quorum always gives each participant equal influence
 - d. Public records prevent related accounts from coordinating

TRUE OR FALSE

- » A successful on-chain vote proves that an approved proposal is fair, lawful, secure, and effective.

SHORT EXPLANATION

- » In five or six sentences, explain why a token, a public treasury, and a community communication channel do not by themselves prove that a community has responsible DAO governance.

SUMMARY AND PRACTICAL TAKEAWAYS

- » A DAO uses blockchain tools and collective procedures to coordinate selected decisions or resources.
- » People remain responsible for mission, proposals, participation, implementation, and accountability.
- » A governance token may help calculate voting power without guaranteeing equal influence or legal rights.
- » One-token-one-vote can make calculation simple while concentrating authority.
- » Other designs may emphasize equal membership, reputation, roles, or combinations of methods.
- » A proposal lifecycle can include discussion, written terms, review, voting, quorum, a timelock, execution, and reporting.
- » A proposal threshold can reduce spam while excluding smaller participants.
- » Quorum can protect against low participation while giving large holders special influence.
- » Delegation can improve informed participation or concentrate authority among a few representatives.



- » A public treasury record shows selected transfers, not the quality or completion of off-chain work.
- » Timelocks create review time but do not correct harmful actions by themselves.
- » Emergency powers can support safety and create centralization risk.
- » Meaningful participation requires understandable information and a practical opportunity to influence outcomes.
- » Wallet counts do not establish how many independent people control voting power.
- » Governance attacks can target voters, delegates, proposals, interfaces, contracts, and treasuries.
- » A completed vote authorizes an action under the rules; it does not prove success or responsibility.
- » DAO legal treatment depends on the actual arrangement and applicable law.
- » The independent PP token community should not be described as a DAO without evidence of formal governance.
- » Different voting distributions can produce opposite outcomes from the same member preferences.
- » Responsible governance connects transparent authorization with execution and follow-up reporting.
- » No course activity requires digital participation.

The practical takeaway is to examine authority rather than labels. Ask who can propose, who can vote, how influence is distributed, how decisions execute, what safeguards apply, and who reports the result.

PROFILE JOURNAL ASSIGNMENT

Write one coherent journal entry of approximately 300–400 words. Write in the first person, as part of the Profile you are building. Do not submit a disconnected list of answers. Use the prompts below to organize a clear explanation:

- » Define a DAO and governance token in your own words.
- » Describe the stages of a responsible proposal and voting process.
- » Explain the difference between membership count and voting-power distribution.
- » Use the Second Chance Learning Treasury scenario to compare one-person-one-vote with token-weighted voting.
- » Explain one benefit and two risks of delegation.



- » Describe how quorum, a timelock, and limited emergency authority can support governance.
- » Explain why public treasury transfers require off-chain performance reporting.
- » Use the independent PP token community case to explain why a token and public community do not automatically establish a DAO.
- » Answer the Profile focus: What makes a decision-making process responsible, transparent, and fair?
- » Connect the lesson to your own self-directed learning. Explain how you can document decisions, seek feedback, disclose conflicts, and accept responsibility for results.

Your response should demonstrate technical understanding, critical thinking, and personal responsibility. Do not visit a website, connect a wallet, create an account, acquire an asset, delegate voting power, join a DAO, or perform a transaction. Do not include any real password, private key, seed phrase, authentication code, wallet address, balance, transaction identifier, or financial-account information.

SUBMISSION REMINDER

Write your response on separate paper or in an approved institutional messaging system. Include your name or approved Profile identifier, Lesson 18: Decentralized Organizations and Governance, and the date you completed the entry.

Use one of the established Prison Professors Profile methods, subject to your facility's rules:

- » Send it by institutional email to Playbook@PrisonProfessors.org. Suggested subject: Web3 Lesson 18 — [date completed].
- » Send it by postal mail to: Prison Professors, 1205 BMC Drive, Suite 706, Cedar Park, TX 78613.
- » Send it to an approved family member or supporter who can enter it on your Profile at PrisonProfessors.org.

Keep a copy when circumstances permit. Never include passwords, private keys, seed phrases, authentication codes, account numbers, real wallet addresses, balances, transaction identifiers, transaction details, or other sensitive information in a Profile response.

