SUMMARY *of* PROCEEDINGS

SELECT COMMITTEE ON BLOCKCHAIN, FINANCIAL TECHNOLOGY AND DIGITAL INNOVATION TECHNOLOGY

COMMITTEE MEETING INFORMATION

September 19-20, 2022 | 8:30 AM
University of Wyoming Coe Library, Room 506
1000 E University Ave.
Laramie, Wyoming

COMMITTEE MEMBERS PRESENT

Senator Chris Rothfuss, Co-chairman
Representative Jared Olsen, Co-chairman
Senator R. J. Kost
Senator Tara Nethercott
Representative Clark Stith
Representative Cyrus Western
Representative Mike Yin
Matthew D. Kaufman
Joel Revill
Catlin Long

COMMITTEE MEMBERS NOT PRESENT

Senator Dan Furphy

LEGISLATIVE SERVICE OFFICE STAFF

David Hopkinson, Staff Attorney
TaLise Hansen, Staff Attorney
Clarissa Nord, Program Analyst
Emily Wangen, Legislative Editor

OTHERS PRESENT AT MEETING

Please refer to **Appendix 1-02** to review the Committee Sign-in Sheet for a list of other individuals who attended the meeting.

The Committee Meeting Summary of Proceedings (meeting minutes) is prepared by the Legislative Service Office (LSO) and is the official record of the proceedings of a legislative committee meeting. This document does not represent a transcript of the meeting; it is a digest of the meeting and provides a record of official actions taken by the Committee. All meeting materials and handouts provided to the Committee by the Legislative Service Office, public officials, lobbyists, and the public are on file at the Legislative Service Office and are part of the official record of the meeting. An index of these materials is provided at the end of this document and these materials are on file at the Legislative Service Office. For more information or to review meeting materials, please contact the Legislative Service Office at (307) 777-7881 or by e-mail at lso@wyoleg.gov. The Summary of Proceedings for each legislative committee meeting can be found on the Wyoming Legislature's website at www.wyoleg.gov.

EXECUTIVE SUMMARY

The Select Committee on Blockchain, Financial Technology and Digital Innovation Technology met for two days in Laramie to continue their interim work. The Select Committee received updates from the University of Wyoming, Office of U.S. Senator Cynthia Lummis, Wyoming Division of Banking, and the Wyoming Secretary of State's Office and discussed workforce development in the blockchain technology sector. The Select Committee also considered bill drafts relating to open banking, decentralized autonomous organizations, public benefit corporations, state-issued stable tokens, digital assets, and private cryptographic keys. This meeting can be viewed on YouTube – Select Committee on Blockchain, Financial Tech. & Digital Innovation Tech., September 19, 2022-**(AM)**, **(PM)** and September 20, 2022-**(AM)**, **(AM2)**, **(PM)**

The Select Committee voted to sponsor the following bill drafts for the 2023 General Session:

- 23LSO-0158 – Decentralized autonomous organizations-amendments, as amended **(Appendix 8-01)**
- 23LSO-0049 – For-profit benefit corporations, as amended **(Appendix 10-01)**
- 23LSO-0058 – Disclosure of private cryptographic keys **(Appendix 17-01)**

The Select Committee voted to recommend the following bill draft to the Joint Minerals, Business & Economic Development Committee consistent with W.S. 28-11-701(b)(ii):

- 23LSO-0159 – Open banking **(Appendix 7-01)**

MONDAY, SEPTEMBER 19, 2022

CALL TO ORDER (DAY ONE)

Chairman Olsen called the meeting to order at 8:36 a.m. The following sections summarize the Committee proceedings by topic. Please refer to **Appendix 1-01** to review the Committee Meeting Agenda.

UNIVERSITY OF WYOMING UPDATES

UW Center for Blockchain and Digital Innovation

Steven Lupien, Director of the University of Wyoming Center for Blockchain and Digital Innovation, provided updates on the 2022 Wyoming Blockchain Stampede and WyoHackathon. Mr. Lupien testified that the conference and Hackathon start Wednesday at the UW Conference Center and will include presentations on the metaverse, cybersecurity, financial technology, and new business concepts.

Mr. Lupien and Scott Beaulier, Dean of the UW College of Business, provided updates on the blockchain minor program and the College of Business. He testified that approximately 20 students are pursuing a blockchain minor. Mr. Lupien testified that he expects the minor program to grow and has seen increased interest in the "Fundamentals of Blockchain" course since last year.

UPDATES

Office of U.S. Senator Cynthia Lummis

Tyler Lindholm, State Policy Director for Senator Lummis, and Chris Land, General Counsel, provided updates from the Office of Senator Lummis. Mr. Lindholm testified that additional legislation has been introduced in Congress addressing different aspects of digital assets in addition to the bill sponsored by Senator Lummis and Senator Kirstin Gillibrand (New York). Mr. Lindholm and Mr. Land also testified that

it has been difficult to get their bill on the agenda in Congress and expect to refile and introduce it in the next Congress.

Wyoming Division of Banking

Jeremiah Bishop, Banking Commissioner, presented updates from the Wyoming Division of Banking on public trust companies and Special Purpose Depository Institutions (SPDIs). He testified that public trust companies can provide digital asset custody but requested the Select Committee clarify this in W.S. 39-29-104. He also testified that the Division is working with the four current SPDIs that have received their charters from the Wyoming Banking Board to get to the point of operation and is working with potential applicants. Commissioner Bishop added that they could see increased interest in SPDI applicants if the Federal Reserve begins granting federal charters to Wyoming SPDIs, which could lead to increased staffing needs.

Wyoming Secretary of State's Office

Karen Wheeler, Deputy Secretary of State, and Kelly Janes, Compliance Division Director, provided updates from the Wyoming Secretary of State's Office. Deputy Director Wheeler testified that 357 active decentralized autonomous organizations (DAOs) and 859 active series LLCs are registered with the Office as of September 15, 2022. She also testified that there are 51 utility tokens registered with the office. Director Janes testified that the state's financial technology sandbox program has been growing but noted that some applicants lose interest in the program upon learning that they must maintain a physical presence in Wyoming to join the sandbox.

Public Comment

Public Comment was not provided on this topic.

Committee Action

The Committee took no action on this topic.

WORKFORCE DEVELOPMENT

University of Wyoming

Mike Smith, Vice President for Governmental Affairs and Community Engagement; George Mocsary, Professor at the UW College of Law; and Mr. Lupien provided updates on how UW is working on training students who wish to work in the blockchain/digital technology sector. Professor Mocsary testified that the College of Law has developed new courses on blockchain and banking law and is working with Hathaway & Kunz law firm on an internship program. Mr. Lupien testified that the UW Blockchain Center is creating a blockchain education program through the Wyoming Innovation Partnership (WIP) for all Wyoming high schools and is working with the industry to train students.

Wyoming Community College Commission

Paris Edeburn, Chief Technology Officer at the Wyoming Community College Commission (WCCC), and Dr. Ben Moritz, WCCC Deputy Director and Chief Academic and Student Services Officer, provided updates on how Wyoming's community colleges are working on training students interested in blockchain technology. Dr. Moritz testified that the WCCC is involved with the WIP program that UW is developing and plans to integrate blockchain into their existing courses. Ms. Edeburn testified that the WCCC now offers targeted agriculture and software development courses.

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Wyoming Business Council

Wendy Lopez, Business Recruitment Manager at the Wyoming Business Council (WBC), testified that blockchain and digital technology companies are looking for accountants and lawyers familiar with the industry and sources of electricity to power their operations. Ms. Lopez also introduced Ryan Kilpatrick and Rylan O'Bryan, WBC interns and UW students pursuing a blockchain minor.

CryptoKnight Hosting

Lee Filer, Co-Founder of CryptoKnight Hosting, and Joey Darwell, President, provided an overview of their Wyoming-based business that operates Bitcoin mining operations in Pine Bluffs. Mr. Darwell testified that the company provides customers with the infrastructure to run Bitcoin mining machines and plans to expand to a second location near Archer. Mr. Filer testified that the company uses Wyoming contractors and materials, where available, and has three full-time employees and multiple part-time and temporary employees.

Public Comment

Jon Stokes, SpaceDAO, LLC; Collin Crossman, Distributed Hash, LLC; and Robert Malka, Bitcoin Today Coalition, provided public comment.

Committee Action

The Select Committee took no action on this topic.

OPEN BANKING

Bill Draft 23LSO-0159 v0.4 - Open banking

David Hopkinson, LSO Staff Attorney, introduced 23LSO-0159 – Open banking **(Appendix 7-01)**. He testified that the bill permits financial institutions to participate in open banking and directs the Division of Banking to promulgate rules. Mr. Hopkinson noted that the Select Committee cannot sponsor this bill in the upcoming session and would need to refer it to the Joint Minerals, Business & Economic Development Committee.

Wyoming Division of Banking

Commissioner Bishop and Nick Rotchadl, General Counsel at the Wyoming Division of Banking, identified three areas where the Division would be tasked with creating rules: (1) express consent, (2) customer agreements, and (3) third-party management. Commissioner Bishop testified that the U.S. Consumer Financial Protection Bureau had issued proposed guidelines for open banking that would require the Division to change its rules once adopted.

Wyoming Bankers Association

Scott Meier, President and CEO of the Wyoming Bankers Association, testified that Wyoming banks currently engage in open banking through third-party services. He noted that he believes the bill draft would not prevent any banks from continuing this practice.

Public Comment

Mr. Lindholm, speaking on his own behalf, provided public comment.

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Committee Action

Representative Western moved for the Select Committee to recommend 23LSO-0159 to the Joint Minerals, Business & Economic Development Committee. The motion passed with Senator Furphy excused. The Select Committee adopted the following amendment:

Page 3-line 6	Delete "releasing" and insert "providing access to".

DECENTRALIZED AUTONOMOUS ORGANIZATIONS

Bill Draft 23LSO-0158 v0.4 - Decentralized autonomous organizations-amendments

Mr. Hopkinson introduced 23LSO-0158 – Decentralized autonomous organizations-amendments **(Appendix 8-01)**, which defines "publicly available identifier" in the DAO LLC supplement. He testified that the language in the bill draft is adopted from Tennessee, which adopted its DAO language from Wyoming.

Karen Wheeler, Deputy Secretary of State

Deputy Secretary Wheeler testified that she liked the Tennessee language, adding that Wyoming currently requires a DAO LLC to list a public identifier but provides no recourse for the Office if a DAO LLC fails to update one.

Public Comment

Brenden Maher, member of the Select Committee's DAO working group, and Pamela Norton, CEO at Title Chain, provided input on the language in the bill draft. Dazza Greenwood, Executive Director at the MIT Computational Law Report, and David Duccini, Silicon Prairie, provided public comment.

Committee Action

Representative Yin moved for the Select Committee to sponsor 23LSO-0158. The motion passed with Senator Furphy excused. The Select Committee adopted the following amendment:

Page 2-line 6	Delete "locater" and insert "locator".
Page 2-line 7	Delete ", published whitepaper".
Page 2-line 8	Delete "item" and insert "reference".

PUBLIC BENEFIT CORPORATIONS

Bill Draft 23LSO-0049 v0.5 - For-profit benefit corporations

Mr. Hopkinson introduced 23LSO-0049 – For-profit public benefit corporations **(Appendix 10-01)**, which creates a supplement for For-Profit Public Benefit Corporations in Wyoming.

Karen Wheeler, Deputy Secretary of State

Deputy Secretary Wheeler testified that the Office could implement this act but noted that the cost of making For-Profit Public Benefit Corporations a subtype of a corporation would be $17,880, whereas making it its own entity type would cost $45,120.

Public Comment

No public comment was provided on this topic.

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Committee Action

Representative Yin moved for the Select Committee to sponsor 23LSO-0049. The motion passed by roll-call vote with Representative Stith voting no and Senator Furphy excused. The Select Committee adopted the following amendment:

Page 6-line 23	Delete entirely.
Page 7-line 1	Delete "corporation's conduct".

OTHER BUSINESS

The Committee discussed filing an amicus brief in the matter of Custodia Bank Inc v. Federal Reserve Board of Governors et al. but took no action as a committee.

DAY ONE RECESS

The Select Committee recessed at 5:19 p.m.

TUESDAY, SEPTEMBER 20, 2022

CALL TO ORDER

Chairman Rothfuss called the meeting to order at 8:31 a.m.

STABLE TOKENS

Bill Draft 23LSO-0051 v0.5 - Wyoming stable token act

Mr. Hopkinson presented 23LSO-0051 – Wyoming stable token act **(Appendix 13-01)**, which would authorize the State Treasurer to issue a Wyoming Stable Token, and described the changes from a previous version of the bill that was introduced in the 2022 Budget Session.

Wyoming State Treasurer's Office

Curt Meier, Wyoming State Treasurer, raised concerns with the state's contracting and onboarding process for new hires and addressed the concerns with the State Treasurer's office implementing the Act that the Governor's Office raised.

Wyoming Governor's Office

Betsy Anderson, General Counsel and Deputy Chief of Staff to Governor Gordon, presented a memorandum addressing the Governor's concerns with the Wyoming Stable Token Act and providing possible solutions **(Appendix 13-02)**.

Public Comment

Scott Moeller, Organizer at the American CryptoFed DAO, provided public comment and written testimony in support of the Wyoming Stable Token Act **(Appendix 13-03)**. Anthony Apollo, Founder & CEO at Rensa Games; Ms. Norton; Jade Barker, Silicon Prairie; and Mr. Stokes provided public comment in favor of a Wyoming Stable Token.

Committee Action

The Select Committee tabled the bill draft until its next meeting. The Chairmen will work with LSO, the Treasurer's Office, and the Governor's Office to provide amendments based on the Committee's discussion.

DIGITAL ASSET BILL DRAFTS

Bill Draft 23LSO-0171 v0.4 - Wyoming digital asset registration act

Mr. Hopkinson introduced 23LSO-0171 – Wyoming digital asset registration act **(Appendix 15-01)**, which would allow lawful owners to register their digital assets with the Secretary of State's Office.

Deputy Secretary Wheeler indicated she appreciated that the trademark statute served as the model for the bill draft. Deputy Secretary Wheeler raised concerns with the review of filings, noting that it would create a delay as it would create a queue for registrars. Deputy Wheeler also noted that the implementation of the legislation would require an additional module within the trademark software, which would have a fiscal impact of $240,000.

Public Comment

Mr. Maher; Christopher Allen, Blockchain Commons; David Pope; and Mr. Stokes provided public comment.

Committee Action

The Select Committee moved to table 23LSO-0171 until its next meeting. The Select Committee adopted amendments to allow for registered agents to register on behalf of lawful owners, provide for automated registration, change the effective date to October 1, 2023, delete "in whole or in part" from W.S. 34-29-208(a), and instructed LSO to work with Mr. Allen and Mr. Maher to provide language that reflects best practices based on the Committee's discussion.

Bill Draft 23LSO-0058 v0.5 - Disclosure of private cryptographic keys

Mr. Hopkinson introduced 23LSO-0058 – Disclosure of Private cryptographic keys **(Appendix 17-01)**, which prohibits a court from compelling a person to produce a private cryptographic key in a civil, criminal, administrative, legislative, or other proceeding.

Public Comment

Mr. Allen provided public comment.

Committee Action

Representative Stith moved for the Select Committee to sponsor 23LSO-0058. The motion passed with Senator Nethercott voting no, and Senator Furphy and Representative Yin excused. The Select Committee adopted no amendments.

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GENERAL PUBLIC COMMENT AND COMMITTEE DIRECTIVES

Max Gasner, Standard Assets, provided information about the Bitcoin-denominated life insurance company. He testified that he would like to domicile the company in Wyoming and requested that the Select Committee consider clarifying that an insurance company can enter into contracts in currencies other than the U.S. Dollar. Mr. Gasner provided his testimony at the conclusion of the Stable Tokens agenda topic.

Peter Feldman, Consumer Product Safety Commissioner, provided information on the Commission, which provides oversight and issues recalls for most consumer products, except automobiles, drugs, and financial products, which are regulated by other entities. He testified that blockchain technology could allow the Commission to make narrower, targeted recalls using supply-chain data. Commissioner Feldman provided his testimony during the Digital Asset Bill Drafts agenda topic.

Mr. Stokes provided general public comment about the Select Committee's work.

Committee Action

Senator Nethercott moved to direct LSO to draft a bill similar to 23LSO-0171 Wyoming digital asset registration act, but regarding public identity, and to establish a working group for the bill comprised of herself, Mr. Revill, and Representative Yin as well as others who may have an interest. The motion passed.

MEETING ADJOURNMENT

There being no further business, Chairman Rothfuss adjourned the meeting at 4:41 p.m.

Respectfully submitted,

Representative Jared Olsen

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Committee Meeting Materials Index

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7-01	Open Banking	23LSO-0159 v0.4 Open banking.	LSO
8-01	Decentralized Autonomous Organizations	23LSO-0158 v0.4 Decentralized autonomous organizations-amendments.	LSO
8-02	Decentralized Autonomous Organizations	Applying DAOs to other Corporate Forms	LSO
10-01	Public Benefit Corporations	23LSO-0049 v0.5 For-profit public benefit corporations.	LSO
13-01	Stable Tokens	23LSO-0051 v0.5 Wyoming stable token act.	LSO
13-02	Stable Tokens	Wyoming Stable Token Act Legislation	Office of the Governor
13-03	Stable Tokens	Testimony in Support of Wyoming Stable Token Act	American CryptoFed DAO
15-01	Digital Asset Bill Drafts	23LSO-0171 v0.4 Wyoming digital asset registration act.	LSO
17-01	Digital Asset Bill Drafts (cont.)	23LSO-0058 v0.5 Disclosure of private cryptographic keys.	LSO

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