

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Unincorporated nonprofit DAO's.

Sponsored by: Select Committee on Blockchain, Financial
Technology and Digital Innovation Technology

A BILL

for

1 AN ACT relating to corporations, partnerships and
2 associations; providing for the formation and management of
3 decentralized unincorporated nonprofit associations;
4 providing definitions; and providing for an effective date.

5

6 *Be It Enacted by the Legislature of the State of Wyoming:*

7

8 *****
9 *****

10

STAFF COMMENT

11

The language for this draft was provided to LSO and has not
12 been reviewed by LSO as of the time of publication.
13 Substantial changes may be necessary.

14

15

16

1 **Section 1.** W.S. 17-32-101 through 17-32-130 are
2 created to read:

3
4 CHAPTER 32 – UNIFORM DECENTRALIZED UNINCORPORATED NONPROFIT
5 ASSOCIATION ACT

6
7 **17-32-101. Short title.**

8
9 This act shall be known and may be cited as the "Wyoming
10 Decentralized Unincorporated Nonprofit Association Act."

11
12 **17-32-102. Definitions.**

13
14 (a) As used in this act:

15
16 (i) "Administrator" means a person authorized
17 by the members of a decentralized unincorporated nonprofit
18 association to fulfill administrative or operational tasks
19 at the direction of the membership;

20
21 (ii) "Charitable purpose" means any purpose of
22 an organization that has attained exemption under section
23 501(c)(3) of the Internal Revenue Code or any successor

1 section, or that upon dissolution shall distribute its
2 assets to a public benefit corporation, the United States,
3 or a state or a person that is recognized as exempt under
4 section 501(c)(3) of the Internal Revenue Code or any
5 successor section;

6

7 (iii) "Decentralized unincorporated nonprofit
8 association" means an unincorporated nonprofit association:

9

10 (A) consisting of at least one hundred
11 (100) members joined by mutual consent under an agreement,
12 that may be in writing or inferred from conduct, for a
13 common nonprofit purpose except as permitted under Section
14 17-32-104;

15

16 (B) That has elected to be formed under
17 this chapter; and

18

19 (C) Is not formed under any other law
20 governing the association's organization or operation.

21

22 (iv) "Digital asset" means as defined in W.S. 34-
23 29-101(a)(i);

1

2 (v) "Distributed ledger technology" means a
3 distributed ledger protocol (e.g., software that governs
4 the rules, operations, and communication between
5 intersection and connection points in a telecommunication
6 network) and supporting infrastructure (e.g., computer
7 software, hardware, or collections of computer software and
8 hardware that utilize or enable a distributed ledger),
9 including blockchain, that uses a distributed, shared, and
10 replicated ledger, whether it be public or private,
11 permissioned or permissionless, and that may include the
12 use of digital assets as a medium of electronic exchange;

13

14 (vi) "Established practices" means the practices
15 used by a decentralized unincorporated nonprofit
16 association without material change during the most recent
17 five years of the association's existence, or if the
18 association has existed for less than five years, during
19 the nonprofit association's entire existence;

20

21 (vii) "Governing principles" means all
22 agreements and any amendment or restatement of those
23 agreements, including any association agreements, consensus

1 formation algorithms, smart contracts, or enacted
2 governance proposals, that govern the purpose or operation
3 of a decentralized unincorporated nonprofit association and
4 the rights and obligations of the association's members and
5 administrators, whether contained in a record, implied from
6 the association's established practices, or both;

7

8 (viii) "Member" means a person who, under the
9 governing principles of a decentralized unincorporated
10 nonprofit association, may participate in the selection of
11 the association's administrators or the development of the
12 policies and activities of the nonprofit association;

13

14 (ix) "Membership interest" means a member's
15 voting right in a decentralized unincorporated nonprofit
16 association determined by the association's governing
17 principles, including as ascertained from decentralized
18 ledger technology on which the association relies to
19 determine a member's voting right;

20

21 (x) "Person" means an individual, corporation,
22 business trust, estate, trust, partnership, association,

1 agency, joint venture, government, governmental subdivision
2 or instrumentality, or any other legal commercial entity;

3

4 (xi) "Record" means as defined in W.S. 40-21-
5 102(a)(xii).

6

7 (xii) "Smart contract" means an automated
8 transaction, as defined in W.S. 40-21-102(a)(ii), or any
9 substantially similar analogue, or code, script or
10 programming language relying on distributed ledger
11 technology, including blockchain, which may include
12 facilitating and instructing transfers of an asset,
13 administrating membership interest votes with respect to a
14 decentralized unincorporated nonprofit association or
15 issuing executable instructions for these actions, based on
16 the occurrence or nonoccurrence of specified conditions;

17

18 (xiii) "State" means a state of the United
19 States, the District of Columbia, the commonwealth of
20 Puerto Rico, or any territory or insular possession subject
21 to the jurisdiction of the United States;

22

23 **17-32-103. Governing law; territorial application.**

1

2 (a) The law of this state governs any decentralized
3 unincorporated nonprofit association that is formed in this
4 state.

5 (b) A decentralized unincorporated nonprofit
6 association's governing principles must identify the
7 jurisdiction in which the decentralized unincorporated
8 association is formed.

9

10 **17-32-104. Profits; prohibitions on distributions and**
11 **dividends; compensation and other permitted payments.**

12

13 (a) A decentralized unincorporated nonprofit
14 association may engage in profit-making activities, but
15 profits from any activities must be used in furtherance of,
16 or set aside for, the association's common nonprofit
17 purpose.

18

19 (b) Except as provided in subsection (c), a
20 decentralized unincorporated nonprofit association may not
21 pay dividends or distribute any part of its income or
22 profits to its members or administrators.

23

1 (c) A decentralized unincorporated nonprofit
2 association may:

3

4 (i) Pay reasonable compensation or reimburse
5 reasonable expenses to its members, administrators, and
6 persons outside the organization for services rendered,
7 including with respect to the administration and operation
8 of the decentralized unincorporated nonprofit association
9 (which may include, the provisions of collateral for the
10 self-insurance of the decentralized unincorporated
11 nonprofit association, voting, and participation in the
12 association's operations and activities);

13

14 (ii) Confer benefits on its members and
15 administrators in conformity with its common nonprofit
16 purpose;

17

18 (iii) Repurchase membership interests to the
19 extent authorized by its governing principles; and

20

21 (iv) Make distribution of property to members
22 upon winding up and termination to the extent permitted by

23 W.S. 17-32-126.

1

2 **17-32-105. Real and personal property; decentralized**
3 **unincorporated nonprofit association as beneficiary,**
4 **legatee, or devisee.**

5

6 (a) A decentralized unincorporated nonprofit
7 association in its name may acquire, hold, encumber, or
8 transfer an estate or interest in real or personal
9 property.

10

11 (b) A decentralized unincorporated nonprofit
12 association may be a legatee, devisee or beneficiary of a
13 trust or contract.

14

15 **17-32-106. Statement of authority as to real**
16 **property.**

17

18 (a) A decentralized unincorporated nonprofit
19 association shall execute and record a statement of
20 authority to transfer an estate or interest in real
21 property in the name of the nonprofit association.

22

1 (b) An estate or interest in real property in the
2 name of a decentralized unincorporated nonprofit
3 association may be transferred by a person so authorized in
4 a statement of authority recorded in the office of the
5 county clerk in which a transfer of the property will be
6 recorded.

7

8 (c) A statement of authority shall set forth:

9

10 (i) The name of the decentralized
11 unincorporated nonprofit association;

12

13 (ii) The address in this state, including
14 the street address, if any, of the nonprofit association.
15 If the nonprofit association does not have an address in
16 this state, its address out of state;

17

18 (iii) The name or title of the person
19 authorized to transfer an estate or interest in real
20 property held in the name of the nonprofit association;

21

22 (iv) The action, procedure, or vote of the
23 decentralized unincorporated nonprofit association which

1 authorizes the person to transfer the real property of the
2 nonprofit association and which authorizes the person to
3 execute the statement of authority;

4

5 (d) A statement of authority shall be executed in the
6 same manner as a deed. The person who executes the
7 statement of authority shall not be the named person in the
8 statement of authority authorized to transfer the estate or
9 interest.

10

11 (e) The filing officer may collect a fee for
12 collecting recording the statement of authority in the
13 amount authorized for recording a transfer of real
14 property.

15

16 (f) An amendment, including cancellation, of a
17 statement of authority shall meet the requirements for
18 execution and recording of an original statement. Unless
19 canceled earlier, a recorded statement of authority or its
20 most recent amendment is canceled by operation of law five
21 (5) years after the date of the most recent recording.

22

1 (g) If the record title to the real property is in
2 the name of a decentralized unincorporated nonprofit
3 association and the statement of authority is recorded in
4 the office of the county clerk in which a transfer of real
5 property would be recorded, the authority of the person
6 named in a statement of authority is conclusive in favor of
7 a transferee who gives value without notice that the person
8 named in the statement of authority lacks authority.

9

10 **17-32-107. Liability in tort or contract.**

11

12 (a) A decentralized unincorporated nonprofit
13 association is a legal entity separate from its members for
14 the purposes of determining and enforcing rights, duties,
15 and liabilities in contract and tort.

16

17 (b) A person is not liable for a breach of a
18 decentralized unincorporated nonprofit association's
19 contract merely because the person is a member,
20 administrator, authorized to participate in the management
21 of the affairs of the nonprofit association, or considered
22 as a member by the nonprofit association.

23

1 (c) A person is not liable for a tortious act or
2 omission for which a decentralized unincorporated nonprofit
3 association is liable merely because the person is a
4 member, administrator, authorized to participate in the
5 management of the affairs of the nonprofit association, or
6 considered as a member by the nonprofit association.

7

8 (d) A tortious act or omission of a member,
9 administrator or other person for which a decentralized
10 unincorporated nonprofit association is liable is not
11 imputed to a person merely because the person is a member
12 of the nonprofit association, administrator, authorized to
13 participate in the management of the affairs of the
14 nonprofit association, or considered as a member by the
15 nonprofit association.

16

17 (e) A member, administrator, person authorized to
18 participate in the management of the affairs of the
19 nonprofit association, or person considered as a member by
20 the nonprofit association may assert a claim against the
21 decentralized unincorporated nonprofit association. A
22 decentralized unincorporated nonprofit association may
23 assert a claim against a member, administrator, person

1 authorized to participate in the management of the affairs
2 of the nonprofit association, or person considered as a
3 member by the nonprofit association.

4

5 **17-32-108. Capacity to assert and defend; standing.**

6

7 (a) A decentralized unincorporated nonprofit
8 association, in its name, may institute, defend, intervene
9 or participate in a judicial, administrative or other
10 governmental proceeding or in an arbitration, mediation or
11 any other form of alternative dispute resolution.

12

13 (b) A decentralized unincorporated nonprofit
14 association may assert a claim on behalf of its members if
15 one (1) or more members of the nonprofit association have
16 standing to assert a claim in their own right, the
17 interests the nonprofit association seek to protect are
18 germane to its purposes, and neither the claim asserted,
19 nor the relief requested requires the participation of a
20 member.

21

22 **17-32-109. Effect of judgement or order.**

23

1 A judgment or order against a decentralized unincorporated
2 nonprofit association is not by itself a judgment or order
3 against a member or administrator of the association.

4

5 **17-32-110. Appointment of agent to receive service of**
6 **process.**

7

8 (a) A decentralized unincorporated nonprofit
9 association may file in the office of the secretary of
10 state a statement appointing an agent authorized to receive
11 service of process.

12

13 (b) A statement appointing an agent shall set forth:

14

15 (i) The name of the decentralized unincorporated
16 nonprofit association;

17

18 (ii) The address in this state, including the
19 street address, if any, of the nonprofit association. If
20 the nonprofit association does not have an address in this
21 state, its address out of state; and

22

1 (iii) The name of the person in this state
2 authorized to receive service of process and the person's
3 address, including the state address, in this state.

4

5 (c) A statement appointing an agent shall be signed
6 and acknowledged by a person authorized to administer the
7 affairs of the decentralized unincorporated nonprofit
8 association. The statement shall also be signed and
9 acknowledged by the person appointed agent, who thereby
10 accepts the appointment.

11

12 (d) A filing officer may collect a fee of five
13 dollars (\$5.00) for filing a statement appointing an agent
14 to receive service of process, and amendment, or a
15 resignation.

16

17 (e) An amendment to a statement appointing an agent
18 to receive service of process shall meet the requirements
19 for execution of an original statement.

20

21 (f) If the secretary of state refuses to file a
22 statement appointing an agent, the secretary of state shall
23 return in the decentralized unincorporated nonprofit

1 association or its representative within fifteen (15) days
2 after the statement was delivered, together with a brief,
3 written explanation of the reason for the refusal.

4

5 **17-32-111. Summons and complaint; service on whom.**

6

7 In an action or proceeding against a decentralized
8 unincorporated nonprofit association a summons and
9 compliant shall be served on an agent authorized by
10 appointment to receive service of process or a person
11 authorized to administer the affairs of the nonprofit
12 association. If none of them can be served, service may be
13 made on a member.

14

15 **17-32-112. Claim not abated by change of members or**
16 **administrators.**

17

18 A claim for relief against a decentralized unincorporated
19 nonprofit association does not abate merely because of a
20 change in its members or persons authorized to administer
21 the affairs of the decentralized unincorporated nonprofit
22 association.

23

1 **17-32-113. Venue.**

2

3 (a) For purposes of venue, a decentralized
4 unincorporated nonprofit association is a resident of a
5 county in which:

6

7 (i) It has an office; or

8

9 (ii) The association has appointed an agent for
10 services of process under section W.S. 17-32-110.

11

12 **17-32-114. Perpetual existence, dissolution,**
13 **continuation of existence.**

14

15 (a) A decentralized unincorporated nonprofit
16 association has perpetual duration unless its governing
17 principles otherwise specify.

18

19 (b) A decentralized unincorporated nonprofit
20 association may be dissolved by any of the following
21 methods:

22

1 (i) If the governing principles of the nonprofit
2 association provide a time or method for dissolution, by
3 that method;

4

5 (ii) If the governing principles of the
6 nonprofit association do not provide a method for
7 dissolution, by approval of its members in accordance with
8 W.S. 17-32-120;

9

10 (iii) If membership in the nonprofit association
11 falls below one hundred (100) members and the decentralized
12 unincorporated nonprofit association does not meet the
13 requirements of a WY unincorporated nonprofit association
14 under W.S. 17-22-101 through 17-22-115;

15

16 (A) In the event membership in the
17 nonprofit association falls below one hundred (100) members
18 and the nonprofit association meets the requirements of a
19 WY unincorporated nonprofit association under W.S. 17-22-
20 101 through 17-22-115, the entity automatically converts to
21 a WY unincorporated nonprofit association unless the
22 governing principles otherwise specify.

23

1 (iv) By court order.

2

3 (c) After dissolution, a decentralized unincorporated
4 nonprofit association continues in existence until its
5 activities have been wound up and terminated pursuant to
6 W.S. 17-32-126.

7

8 **17-32-115. Admission, suspension, dismissal, or**
9 **expulsion of members.**

10

11 (a) A person becomes a member in accordance with the
12 governing principles of the decentralized unincorporated
13 nonprofit association. If there are no applicable
14 governing principles, a person shall be considered a member
15 upon such person's purchase or assumption of ownership of a
16 membership interest or other property or instrument that
17 confers a voting right with the nonprofit association and
18 continue as a member absent the person's suspension,
19 dismissal or expulsion subject to W.S. 17-32-119(b),
20 resignation pursuant to W.S. 17-32-116, or the nonprofit
21 association's dissolution and wind-up pursuant to W.S. 17-
22 32-114 and W.S. 17-32-126.

23

1 (b) Subject to the governing principles, a member may
2 be suspended, dismissed, or expelled from a decentralized
3 unincorporated nonprofit association. If there are no
4 applicable governing principles, a member may be suspended,
5 dismissed, by approval of its members in accordance with
6 W.S.17-32-120.

7

8 (c) Unless otherwise provided for in the governing
9 principles, suspension, dismissal, or expulsion of a member
10 does not relieve the member of any obligation incurred, or
11 commitment made by the member, before the suspension,
12 dismissal, or expulsion.

13

14 **17-32-116. Member resignation.**

15

16 (a) A member may resign as a member of a
17 decentralized unincorporated nonprofit association in
18 accordance with its governing principles. In the absence of
19 applicable governing principles, a member shall be deemed
20 to have resigned as a member upon the disposal (voluntary
21 or involuntary) of all membership interests or other
22 property or instruments that confer upon the person a
23 voting right within the nonprofit association.

1

2 (b) Unless otherwise provided for in the governing
3 principles, resignation of a member does not relieve the
4 member of any obligation incurred, or commitment made by
5 the member, before the resignation.

6

7 **17-32-117. Duties of members.**

8

9 (a) Unless otherwise provided for in the governing
10 principles, a member shall not have any fiduciary duty to a
11 decentralized unincorporated nonprofit association or to
12 any other member of the nonprofit association solely by
13 being a member.

14

15 (b) All members shall be subject to the implied
16 contractual covenant of good faith a fair dealing.

17

18 **17-32-118. Member has no agency powers.**

19

20 (a) A member is not an agent of a decentralized
21 unincorporated nonprofit association solely by reason of
22 being a member.

1 (b) A person's status as a member does not prevent or
2 restrict law other than this chapter from imposing
3 liability on a decentralized unincorporated nonprofit
4 association because of the person's conduct.

5

6 **17-32-119. Member interests transferable.**

7

8 Except as otherwise provided in the decentralized
9 unincorporated nonprofit association's governing
10 principles, a member interest or any right thereunder is
11 freely transferable to another person through conveyance of
12 the membership interest or other property that confers upon
13 a person a voting right within the nonprofit association.

14

15 **17-32-120. Approval by members.**

16

17 (a) Except as otherwise provided in the governing
18 principles, a decentralized unincorporated nonprofit
19 association must have the approval of the majority of
20 membership interests participating in a vote to:

21

22 (i) suspend, dismiss, or expel a member;

23

1 (ii) select or dismiss an administrator;

2

3 (iii) adopt, amend, or repeal the governing
4 principles;

5

6 (iv) sell, lease, exchange, or otherwise dispose
7 of the nonprofit association's property;

8

9 (v) dissolve the association under 17-32-
10 114;

11

12 (vi) undertake any other act outside the ordinary
13 course of the nonprofit association's activities; or

14

15 (vii) determine the policy and purpose of the
16 nonprofit association.

17

18 (b) A decentralized unincorporated nonprofit
19 association must have the approval of its members in
20 accordance with its governing principles to perform any
21 acts or exercise a right that the governing principles
22 require to be approved by members.

23

1 (c) Unless otherwise provided for in the governing
2 principles, membership interest in a decentralized
3 unincorporated nonprofit association shall be calculated in
4 proportion to a member's voting rights within the nonprofit
5 association.

6

7 **17-32-121. Utilization of distributed ledger technology.**

8

9 (a) A decentralized unincorporated nonprofit
10 association may provide for its governance, in whole or in
11 part, through distributed ledger technology, including
12 smart contracts.

13

14 (b) The governing principles for a decentralized
15 unincorporated nonprofit association may:

16

17 (i) specify whether any distributed ledger
18 technology utilized or enabled by the decentralized
19 unincorporated nonprofit association will be fully
20 immutable or subject to change by the nonprofit association
21 and whether any such ledger will be fully or partially
22 public or private, including the extent of members' access
23 to information.

1

2 (ii) adopt voting procedures, which may
3 include smart contracts deployed to distributed ledger
4 technology that provide for the following:

5

6 (A) proposals from members or administrators in
7 the decentralized unincorporated nonprofit association for
8 upgrades, modifications, or additions to software systems,
9 protocols, or both;

10

11 (B) other proposed changes to the decentralized
12 unincorporated nonprofit association's governing
13 principles; and

14

15 (C) any other matters of governance or
16 activities within the purpose of the decentralized
17 unincorporated nonprofit association.

18

19 **17-32-122. Consensus formation algorithms and**
20 **governance process.**

21

22 In accordance with its governing principles, a
23 decentralized unincorporated nonprofit association may:

1

2 (a) adopt any reasonable algorithmic means for
3 establishing consensus for the validation of records, as
4 well as for establishing requirements, processes, and
5 procedures for conducting operations or making
6 organizational decisions with respect to the distributed
7 ledger technology used by the nonprofit association; and

8

9 (b) in accordance with any procedure specified
10 pursuant to W.S. 17-32-121, modify the consensus mechanism,
11 as well as the requirements, processes, and procedures or
12 substitute a new consensus mechanism, requirements,
13 processes, or procedures that comply with state law and the
14 governing principles of the nonprofit association.

15

16 **17-32-123. Selection of administrators; rights and**
17 **duties of administrators.**

18

19 (a) Unless otherwise provided for in decentralized
20 unincorporated nonprofit association's governing
21 principles, the members of an association may select the
22 association's administrators in accordance with W.S. 17-32-
23 120.

1

2 (b) If no administrators are selected, none of the
3 members would be considered administrators for the
4 decentralized unincorporated nonprofit association.

5

6 (c) As there is no requirement that an association
7 has administrators, there are no default obligations, and
8 the rights and duties of all administrators must be
9 established as part of the authorization of authority.

10

11 (d) If in a record, the governing principles of a
12 decentralized unincorporated nonprofit association may
13 limit or eliminate the liability of an administrator to the
14 association or its members for money damages for any action
15 taken, or failure to take any action, as an administrator
16 except liability for:

17

18 (i) the amount of financial benefit
19 improperly received by an administrator;

20

21 (ii) an intentional infliction of harm on
22 the association or its members;

23

1 (iii) an intentional violation of criminal
2 law;

3
4 (iv) breach of the duty of loyalty should one
5 exist, unless a full disclosure of all material facts, a
6 specific act or transaction that would otherwise violate
7 the duty of loyalty by an agent authorized or ratified by
8 approval of the disinterested members under W.S. 17-32-120.

9
10 (v) improper distributions.

11

12 **17-32-124. Right to inspect records.**

13

14 (a) Except as provided by W.S. 17-32-124(b), on
15 reasonable notice, a member or administrator of a
16 decentralized unincorporated nonprofit association is
17 entitled to an electronic record of any record maintained
18 by the association regarding the association's activities,
19 financial condition, and other circumstances, to the extent
20 the information is material to a member or administrator's
21 rights and duties under the nonprofit association's
22 governing principles or this chapter.

23

1 (b) A decentralized unincorporated nonprofit
2 association is not obligated to provide records requested
3 from a member or administrator if access to the information
4 is contained in a record available to the member or
5 administrator on decentralized ledger technology.

6

7 (c) A decentralized unincorporated nonprofit
8 association may impose reasonable restrictions on access to
9 and use of information that may be provided under this
10 section, including by designating the information
11 confidential and imposing nondisclosure or other
12 safeguarding obligations on the recipient of the
13 information. In a dispute concerning the reasonableness of
14 a restriction under this subsection, the nonprofit
15 association has the burden of proving reasonableness.

16

17 (d) A former member or administrator may have access
18 to information to which the member or administrator was
19 entitled as a member or administrator if:

20

21 (i) the information relates to the period
22 of time during which the person was a member or
23 administrator;

1

2 (ii) the former member or administrator
3 seeks the information in good faith;

4

5 (iii) the former member or administrator
6 satisfies the requirements of subsection (a), (b), and (c)
7 with respect to the information.

8

9 (e) A decentralized unincorporated nonprofit
10 association has no obligation to collect and maintain a
11 list of members or individual member information, including
12 the names or addresses of its members.

13

14 **17-32-125. Indemnification; advancement of expenses.**

15

16 (a) Unless otherwise provided in its governing
17 principles, a decentralized unincorporated nonprofit
18 association may reimburse a member or administrator for
19 authorized expenses reasonably incurred on behalf of the
20 nonprofit association.

21

22 (b) A decentralized unincorporated nonprofit
23 association may indemnify a member or administrator for any

1 debt, obligation, or other liability incurred in the course
2 of the member or administrator's activities on behalf of
3 the association. To be eligible for indemnification, an
4 administrator must have complied with the duties state in
5 W.S. 17-32-123. If in a record, a nonprofit association's
6 governing principles may broaden or limit this right of
7 indemnification.

8

9 (c) If a person is made, or threatened to be made, a
10 party in a proceeding based on that person's conduct of the
11 affairs of a decentralized unincorporated nonprofit
12 association, that person is entitled, upon written request
13 to the association, including through decentralized ledger
14 technology, and approval, in a record, of the disinterested
15 members under W.S. 17-32-120, may receive payment of or
16 reimbursement by the nonprofit association, of reasonable
17 expenses, including attorney's fees and disbursements,
18 incurred by that person in advance of the final disposition
19 of the proceeding. To be entitled to these payments or
20 advances, the person making the request must make a written
21 affirmation, that the person has a good faith belief that
22 the criteria for indemnification in subsection (a) have
23 been satisfied and that the person will repay the amounts

1 paid or reimbursed if it is determined that the criteria
2 for reimbursement have not been satisfied.

3

4 (d) A decentralized unincorporated nonprofit
5 association may purchase and maintain insurance on behalf
6 of a member or administrator for liability asserted against
7 or incurred by the member or administrator in that
8 capacity, whether or not the nonprofit association would
9 have the power to indemnify or advance expenses to the
10 member or administrator against the same liability under
11 this section.

12

13 (e) These rights of reimbursement, indemnification
14 and advancement of expense apply to former members or
15 administrators for activities undertaken on behalf of the
16 decentralized unincorporated nonprofit association while
17 they were members or administrators.

18

19 **17-32-126. Windup up; termination.**

20

21 (a) A dissolved decentralized unincorporated
22 association shall wind up its operations and the nonprofit

1 association continues after dissolution only for the
2 purpose of winding up.

3

4 (b) In winding up a decentralized unincorporated
5 nonprofit association, the members:

6

7 (i) shall discharge the nonprofit
8 association's debts, obligations, and other liabilities,
9 settle and close the nonprofit association's business, and
10 marshal and distribute any remaining property:

11

12 (B) as required by state law other than
13 this chapter requiring assets of an association to be
14 distributed to another entity or person with similar
15 nonprofit purposes;

16

17 (C) in accordance with the nonprofit
18 association's governing principles; and in the absence of
19 applicable governing principles, to the current members of
20 the nonprofit association in proportion to their membership
21 interests; or

22

1 (D) if neither subsection (A) or (B)
2 applies, the law of unclaimed property contained in W.S.
3 34-24-101 through W.S. 34-24-140).

4

5 (ii) may:

6

7 (A) authorize an administrator or
8 administrators to wind up the nonprofit association in
9 accordance with W.S. 17-32-120. Any administrator or
10 administrators so authorized would owe the association a
11 duty of care in the conduct or winding up of the nonprofit
12 to refrain from grossly negligent or reckless conduct,
13 willful or intentional misconduct, or a knowing violation
14 of the law;

15

16 (B) preserve the nonprofit association's
17 operations and property as a going concern for a reasonable
18 time;

19

20 (C) prosecute and defend actions and
21 proceedings, whether civil, criminal, or administrative;

22

1 (D) transfer the nonprofit association's
2 property;

3

4 (E) settle disputes by mediation or arbitration;

5

6 (F) transfer the nonprofit association's
7 property;

8

9 (G) perform other acts necessary or appropriate
10 to the winding up.

11

12 (iii) If the members of a nonprofit
13 association do not appoint an administrator or
14 administrators to wind up the nonprofit association, the
15 members would owe the association a duty of care in the
16 conduct or winding up of the nonprofit association's
17 operations to refrain from engaging in grossly negligent or
18 reckless conduct, willful or intentional misconduct, or a
19 knowing violation of the law.

20

21 **17-32-127. Mergers.**

22

1 (a) The following definitions govern the construction
2 of this section:

3

4 (i) "Constituent organization" means an
5 organization that is merged with one or more other
6 organizations and includes the surviving organization.

7

8 (ii) "Disappearing organization" means a
9 constituent organization that is not the surviving
10 organization.

11

12 (iii) "Governing statute" means the statute
13 that governs an organization's internal affairs.

14

15 (iv) "Organization" means a decentralized
16 unincorporated nonprofit association, unincorporated
17 nonprofit association, a general partnership, including a
18 limited liability partnership, limited partnership,
19 including a limited liability limited partnership, limited
20 liability company, business or statutory trust,
21 corporation, or any other legal or commercial person having
22 a governing statute. The term includes a domestic or

1 foreign organization regardless of whether organized for
2 profit.

3

4 (v) "Organizational document" means the
5 basic records that create the organization and determine
6 its internal governance and the relations among the persons
7 that own it, have an interest in it or are members of it.

8

9 (vi) "Surviving organization" means an
10 organization into which one or more other organizations are
11 merged.

12

13 (b) A decentralized unincorporated association may
14 merge with any organization that is not expressly
15 prohibited by the law of jurisdiction that enacted any of
16 the governing statutes.

17

18 (c) A merger involving a decentralized unincorporated
19 nonprofit association is subject to the following
20 requirements:

21

22 (i) each of the constituent merging
23 organizations complies with its governing law;

1

2 (ii) each party to the merger shall approve
3 a plan of merger in accordance with its governing
4 principles. The plan, which must be in a record, must
5 include the following provisions:

6

7 (A) the name and form of each organization
8 that is party to the merger;

9

10 (B) the name and form of the surviving
11 organization and, if the surviving organization is to be
12 created by the merger, a statement to that effect;

13

14 (C) the terms and conditions of the
15 merger, including the manner and basis for converting the
16 interests in each constituent organization into any
17 combination of money, interests in the surviving
18 organization, and other considerations;

19

20 (D) if the surviving organization is to be
21 created by the merger, the surviving organization's
22 organizational documents that are proposed to be in a
23 record; and

1

2 (E) if the surviving organization is not
3 to be created by the merger, any amendments to be made by
4 the merger to the surviving organization's organizational
5 documents that are, or are proposed to be, in a record.

6

7 (iii) the plan of merger must be approved by
8 the members of each decentralized unincorporated nonprofit
9 association that is a constituent organization in the
10 merger subject to 17-32-120. If a member of an association
11 that is party to a merger will have personal liability with
12 respect to an obligation of a constituent or surviving
13 organization, the consent in a record of that member to the
14 plan of merger must also be obtained.

15

16 (iv) subject to the contractual rights of third
17 parties, after a plan of merger is approved and at any time
18 before the merger is effective, a constituent organization
19 may amend the plan or abandon the merger as provided in the
20 plan, or except as otherwise prohibited in the plan, with
21 the same consent as was required to approve the plan.

22

1 (v) following approval of the plan, a
2 merger under this section is effective if:

3

4 (A) a constituent organization is required
5 to give notice to or obtain the approval of a governmental
6 agency or officer in order to be a party to a merger, the
7 notice has been given and the approval has been obtained;
8 and

9

10 (B) the surviving organization is a
11 decentralized unincorporated nonprofit association, as
12 specified in the plan of merger and upon compliance by any
13 constituent organization that is not an association with
14 any requirements, including any required filings in the
15 office of the Secretary of State, of the organization's
16 governing statute; or

17

18 (C) the surviving organization is not a
19 decentralized unincorporated nonprofit association, as
20 provided by the state governing the surviving organization.

21

22 (d) When a merger becomes effective;

23

1 (i) the surviving organization continues
2 or comes into existence;

3

4 (ii) each constituent organization that
5 merges into the surviving organization ceases to exist as a
6 separate entity;

7

8 (iii) all property owned by each constituent
9 organization that ceases to exist vests in the surviving
10 organization;

11

12 (iv) all debts, obligation, or other liabilities
13 of each constituent organization that ceases to exist
14 continue as debts, obligations, or other liabilities of the
15 surviving organization;

16

17 (v) an action or proceeding pending by or
18 against any constituent organization that ceases to exist
19 may be continued as if the merger had not occurred;

20

21 (vi) except as prohibited by other law, all of
22 the rights, privileges, immunities, powers, and purposes of

1 each constituent organization that ceases to exist vest in
2 the surviving organization;

3

4 (vii) except as otherwise provided in the
5 plan of merger, the terms and conditions of the plan of
6 merger take effect;

7

8 (viii) the merger does not affect the personal
9 liability, if any, of a member, administrator, or manager
10 of a constituent association for a debt, liability or
11 obligation of the nonprofit association incurred before the
12 merger is effective; and

13

14 (ix) a surviving organization that is a foreign
15 organization consents to the jurisdiction of the courts of
16 this state to enforce any debt, obligation, or other
17 liability owed by a constituent organization, if before the
18 merger the constituent organization was subject to suit in
19 this state on the debt, obligation, or other liability. A
20 surviving organization that is a foreign organization and
21 not authorized to transact business in this state appoints
22 the Secretary of State as agent for service of process for

1 the purpose of enforcing a debt, obligation, or other
2 liability under this subsection.

3

4 (e) Property held for a charitable purpose under the
5 law of this state by a domestic or foreign organization
6 immediately before a merger under this section becomes
7 effective may not, as a result of the merger, be diverted
8 from the objects for which it was donated, granted, or
9 devised, unless, to the extent required by or pursuant to
10 the law of this state concerning cy pres or other law
11 dealing with nondiversion of charitable assets, the
12 organization obtains an appropriate order of the attorney
13 general or of the district court in a proceeding which the
14 attorney general has been given notice specifying the
15 disposition of the property.

16

17 (f) A bequest, devise, gift, grant, or promise
18 contained in a will or other instrument of donation,
19 subscription, or conveyance that is made to a disappearing
20 organization and that takes effect or remains payable after
21 the merger inures to the benefit of the surviving
22 organization. A trust obligation that would govern property
23 if transferred to the disappearing entity applies to

1 property that is instead transferred to the surviving
2 organization under this section.

3

4 **17-32-128. Conversion of entities.**

5

6 A decentralized unincorporated nonprofit association may
7 effect a conversion by complying with the applicable
8 provisions of W.S. 17-26-101 and the association's
9 governing principles.

10

11 **17-32-129. Uniformity of application and**
12 **construction.**

13

14 In applying and construing this act, consideration must be
15 given to the need to promote uniformity of the law with
16 respect to its subject matter among states that enact it.

17 17-32-130. Severability clause. If any provision of this
18 chapter or its application to any person or circumstances
19 is held invalid, the invalidity does not affect other
20 provisions or application of this chapter which can be
21 given effect without the invalid provision or application,
22 and to this end, the provisions of this chapter are
23 severable.

1 **Section 2.** Principles of law and equity supplement
2 this act unless displaced by a specific provision of this
3 act.

4

5 **Section 3.** This act is effective July 1, 2024.

6

7

(END)