



June 25, 2024

Wyoming Legislative Select Committee on Blockchain,
Financial Technology, and Digital Innovation Technology

Re: Testimony on DAOs' Token Issuance Clarification

Dear Chairman Rothfuss, Chairman Western, and Members of the Select Committee:

Thank you for the opportunity for American CryptoFed DAO (“CryptoFed”) to provide public testimony for the session of Wyoming Secretary of State's Office during the Select Committee’s July 1st, 2024 meeting. We will attend the session to provide oral public comments, based on this written testimony. Xiaomeng Zhou will attend in person, while Scott Moeller will attend online.

I. CRYPTOFED’S PETITION

In order to make the Wyoming Decentralized Autonomous Organization Supplement and Wyoming Decentralized Unincorporated Nonprofit Association Act functional, CryptoFed petitions the Select Committee to consider adding a paragraph to W.S. 17-4-605(d) of Wyoming Uniform Securities Act, similar to the following proposed paragraph:

If the secretary of state declines to answer questions sought by a Decentralized Autonomous Organization or a Decentralized Unincorporated Nonprofit Association, the declination is a determination that the secretary of state will not institute a proceeding or an action against the Decentralized Autonomous



Organization or the Decentralized Unincorporated Nonprofit Association for engaging in the specified activities raised by the questions.

II. FACTUAL BACKGROUND

CryptoFed is the first Wyoming DAO established on July 1st, 2021, under the Wyoming Decentralized Autonomous Organization Supplement, about three years ago. During this period, CryptoFed has done its best to explore these methodologies of issuing tokens which are compatible with the Wyoming Uniform Securities Act. After tireless efforts for three years, CryptoFed has no choice but to petition this Select Committee to add the paragraph above to W.S. 17-4-605(d), because on December 8th, 2023, Mr. Jesse Naiman, Deputy Secretary of State formally notified CryptoFed of the following decision:

We have received your request for an answer to this question: “As of [November, 25, 2023], can American CryptoFed DAO legally distribute Locke tokens to its contributors within the State of Wyoming, free of charge?”

Your request is governed by W.S. 17-4-605(d), which states:

The secretary of state **may** provide interpretative opinions or issue determinations that the secretary of state will not institute a proceeding or an action under this act against a specified person for engaging in a specified act, practice, or course of business if the determination is consistent with this act. A rule adopted or order issued under this act may establish a reasonable charge for interpretative opinions or determinations that the secretary of state will not institute an action or a proceeding under this act.

After reviewing your request, the Secretary of State’s Office declines to answer your question at this time. (emphasis added).



III. MANDATE BY WYOMING'S SUPREME COURT AND THE U.S. SUPREME COURT

1. The Wyoming's Supreme Court states in *Sanchez v. State*, Wyo., 567 P.2d 270, 274 (1977) (emphasis added):

In *State v. Gallegos*, Wyo., 384 P.2d 967, 968, we categorized some of the principles of due process previously discussed in *Day v. Armstrong*, Wyo., 362 P.2d 137, 147-148, as follows:

- "1. The requirement of a **reasonable degree of certainty** in legislation, especially in the criminal law, is a well-established element of the guarantee of due process of law.
- "2. No one may be required at peril of life, liberty or property to **speculate as to the meaning of penal statutes**.
- "3. All are entitled to be informed **as to what the state commands or forbids**.
- "4. A statute which either forbids or requires the doing of an act in terms **so vague that men of common intelligence must necessarily guess at its meaning and differ as to its application violates the first essential of due process of law**.
- "5. The constitutional guarantee of equal rights under the law (see Art. 1, §§ 2 and 3, Wyoming Constitution) will not tolerate a criminal law **so lacking in definition that each defendant is left to the vagaries of individual judges and juries**."

2. The U.S. Supreme Court's opinion states in *Kolender v. Lawson*, 461 U.S. 352 (1983) at 357-358 (emphasis added):

As generally stated, the void-for-vagueness doctrine requires that a penal statute define the criminal offense with sufficient definiteness that ordinary people can understand what conduct is prohibited and in a manner that does not encourage arbitrary and discriminatory enforcement. *Hoffman Estates v. Flipside, Hoffman Estates, Inc.*, supra; *Smith v. Goguen*, 415 U. S. 566 (1974); *Grayned v. City of Rockford*, 408 U. S. 104 (1972); *Papachristou v. City of Jacksonville*, 405 U. S. 156 (1972); *Connally v. General Construction Co.*, 269 U. S. 385 (1926). Although the doctrine focuses both on actual notice to citizens and **arbitrary enforcement**, we have recognized recently that **the more important aspect of the vagueness doctrine** "is not actual notice, but the other principal element of the doctrine — **the requirement that a legislature establish minimal guidelines to govern law enforcement**." *Smith*, 415 U. S., at 574. **Where the legislature fails to provide such minimal guidelines, a criminal statute may permit "a standardless sweep [that] allows policemen, prosecutors, and juries to pursue their personal predilections."** *Id.*, at 575.



For all the reasons set forth above, CryptoFed respectfully petitions this Select Committee to consider CryptoFed’s proposal. CryptoFed hopes that Wyoming Secretary of State's Office will support this proposal, because it can fundamentally reduce the burden of Wyoming Secretary of State's Office to comply with the mandate by the Wyoming’s Supreme Court and the U.S. Supreme Court.

CryptoFed appreciates the pioneering efforts of Wyoming’s lawmakers to explore the potential of cryptocurrencies in the real world. We look forward to an ongoing dialogue with Wyoming’s legislators.

Sincerely,

/s/ Scott Moeller

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