



May 8, 2025

Select Committee on Blockchain,
Financial Technology and
Digital Innovation Technology
200 West 24th Street
Cheyenne, WY 82002

RE: Public Comment on Amendments to the Wyoming Decentralized Unincorporated Nonprofit Association (DUNA) Law

Dear Members of the Select Committee:

Nouns DAO respectfully submits this public comment to support and propose targeted amendments to the Wyoming Decentralized Unincorporated Nonprofit Association (“DUNA”) statute. As one of the most active and visible decentralized autonomous organizations (“DAOs”), Nouns DAO commends Wyoming’s leadership in providing legal recognition for DAOs and offers the following recommendations based on our experience transitioning to a DUNA structure.

I. What is Nouns DAO?

Nouns DAO is a decentralized autonomous organization (DAO) that governs a treasury through collective decision-making, funded by the daily auction of unique generative art NFTs known as “Nouns.” Each Noun represents one vote in DAO governance and is minted and auctioned every 24 hours on the Ethereum blockchain. The winning bid is deposited into the DAO’s treasury, which is governed entirely by Noun holders through onchain proposals and voting mechanisms.

Nouns DAO is a pioneering example of “on-chain cultural infrastructure,” where decentralized funding mechanisms are used to support public goods, artistic projects, and experiments in decentralized coordination. The DAO operates without centralized leadership or a traditional legal entity—until recently—and is built on principles of transparency, autonomy, and permissionless participation.

II. Nouns DAO’s Transition to a DUNA

In early 2024, Nouns DAO adopted the Wyoming’s DUNA framework as its legal wrapper. This decision was ratified through an on-chain governance proposal, allowing the DAO to establish a compliant legal identity while preserving its decentralized ethos. The DUNA structure offered limited liability protections for Noun holders and confirmed that the DAO operates as a nonprofit entity with no equity or corporate ownership structure.

Importantly, the DUNA framework aligned with the DAO's goals of remaining autonomous, mission-driven, and community-governed. The transition did not alter the DAO's smart contract architecture or governance procedures; instead, it provided a legal framework to become a U.S.-based DAO, reduce external risk and facilitate relationships with off-chain service providers, regulators, and institutions.

III. Proposed Amendments to Wyoming DUNA Law

A. Optional Registration with Secretary of State

We support the current law's approach allowing DUNAs to exist without registration. (17-32-102(a)(iii)). However, the lack of a registration option also creates practical frictions and legal ambiguities when the DAO interfaces with the off-chain world.

Therefore, we propose adding an optional registration mechanism with the Wyoming Secretary of State. This would:

- Enable DUNAs to affirmatively establish their legal status;
- Help DAOs qualify for bank accounts and compliance Know Your Business (KYB) protocols, which currently present obstacles for DUNA entities; and
- Reduce factual disputes in litigation over whether an entity qualifies as a DUNA.

1. Banking Access

DUNAs, including Nouns DAO, face challenges opening bank accounts. For instance, Mercury Bank denied Nouns DAO's application, citing its inability to verify DUNA status under its banking compliance framework. Optional registration would support KYB compliance and unlock access to traditional financial services, without undermining the lightweight, decentralized structure of DUNAs.

2. Litigation

A key purpose of the DUNA statute is to avoid general partnership liability.¹ A registration option would reduce litigation risk, enabling more predictable application of the DUNA's limited liability shield.

Without registration, plaintiffs can more easily argue that a DUNA was improperly formed or does not exist, forcing members to litigate factual formation issues. In contrast, registration helps ensure that improper claims aimed at DAO members are struck on a motion to dismiss,² thereby avoiding litigation costs and discouraging meritless litigation.

¹ In cases such as *CFTC v. Ooki DAO*, 3:22-cv-05416, a lack of formal recognition has allowed plaintiffs to argue DAO members are jointly and severally liable.

² *Syed v. Beto for Texas*, 3:18-cv-02791-L (claims against individual could proceed into discovery because existence of UNA was not a matter of public record).

To be clear, Nouns DAO is committed to a future in which code is law and DAOs no longer need banks.³ However, that future will take time to realize. Optional registration ensures that DAOs can operate in the interim.

B. Managers and Administrators

DAOs need clarity on the types of duties they may delegate to DUNA administrators. We recommend the statute clarify that:

- DUNAs do not have managers in the traditional corporate sense;
- Token-based coordination does not create an equity interest; and
- Administrators may act on behalf of a DUNA under standard and well-understood agency law, as representatives of the collective will.

This distinction will support regulatory clarity, especially in the application of securities law. The DUNA model is fundamentally different from manager-managed LLCs and member-owned corporations. The law should reflect that DUNA members are not “relying on the efforts of others” for profit, but are collectively participating in mission-aligned governance.

C. Committees

We recommend an explicit provision affirming that DUNAs may create committees or working groups for specific functions. Many DAOs, including Nouns DAO, rely on ephemeral or mission-specific working groups to execute proposals and steward governance. Clarity here would bolster the flexible, modular governance that DUNAs are designed to facilitate.

D. AI Administration and Governance

DAOs are beginning to integrate AI agents in proposal drafting, voting recommendations, and administrative tasks. Nouns DAO recently launched GoverNoun,⁴ an experimental AI agent that interfaces with governance processes.

We propose amending the DUNA law to expressly permit the use of AI agents in administration and governance, so long as human members retain the right to override or revoke delegated authority. Such language would recognize evolving practices while safeguarding accountability. It would position Wyoming’s DUNA law at the forefront of innovation in decentralized governance, just as the original statute did.

Conclusion

Wyoming’s DUNA law is a groundbreaking legal innovation. The proposed amendments outlined above would enhance the statute’s functionality without compromising its core principles. By enabling optional registration, clarifying governance structures, and embracing

³ Nouns DAO prioritizes service providers that accept crypto native payments.

⁴ https://x.com/AIWS_WORLD/status/1904200240413954317

new technological tools, the DUNA framework will remain robust, adaptive, and welcoming to the next generation of mission-driven DAOs.

Thank you for considering our comment. Nouns DAO remains eager to collaborate with Wyoming lawmakers and regulators to ensure the success of decentralized legal frameworks.

Sincerely,

/s/ Ivo Entchev, Esq.

Ivo Entchev, Esq.

On behalf of Nouns DAO
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