

# Crypto Council for Innovation

February 14, 2024

**TO: Members of Wyoming State Legislature**

**RE: 24LSO-0104 Uniform Decentralized Unincorporated Nonprofit Associations Act. – SUPPORT**

Dear Members,

The Crypto Council for Innovation (CCI) writes to support 24LSO-0104, which will create a category within the existing Wyoming Unincorporated Nonprofit Association (UNA) statute that is appropriate for the decentralized operations of blockchain networks and smart contract protocols.

CCI is a global alliance of industry leaders in the digital asset and Web3 sectors that serves to educate consumers and policymakers and advocate for policy that spurs responsible innovation. We use an evidence-based approach to support governments worldwide that are shaping and encouraging inclusive regulation of this innovative technology.

Wyoming has an important opportunity to address one of those most significant challenges that has long affected the digital asset sector - the lack of suitable legal entity structure for many Decentralized Autonomous Organizations (DAOs). This problem threatens the decentralization that blockchains enable and exposes digital asset holders to untenable risk.

A DAO is a community-led, fully autonomous, and transparent entity with no central authority. Smart contracts lay the foundational rules and execute agreed upon decisions. At any point, proposals, voting, and even the very code itself can be publicly audited. Ultimately, a DAO is governed entirely by its individual members, who collectively make critical decisions about the future of the project, such as technical upgrades and treasury allocations.

Unfortunately, many legal entity structures, including one which was recently established for DAOs in Wyoming, are fundamentally incompatible with most DAOs, primarily because they are predicated on centralized governance, impede transferability, and/or threaten the privacy of members.

Wyoming's existing UNA law offers a promising alternative, including by protecting member privacy. However, it does not provide enough certainty to DAOs to gain widespread adoption. Wyoming now has the chance to address this uncertainty and shape the future development of the internet.

24LSO-0104 creates a new category within the existing Wyoming UNA statutes for decentralized unincorporated nonprofit associations ("DUNAs"). This approach will allow for more targeted statutory requirements and clarity in application.

Providing regulatory clarity in this space will send a strong signal that Wyoming intends to stay at the vanguard of the innovation economy. For these reasons, CCI is pleased to support 24LSO-0104 as it moves through the legislature.

Respectfully,

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Sheila Warren  
Chief Executive Officer  
Crypto Council for Innovation

A handwritten signature in black ink, appearing to be 'JH Kim', with a long horizontal flourish extending to the right.

Ji Hun Kim  
General Counsel & Head of Global Policy  
Crypto Council for Innovation