

SUMMARY *of* PROCEEDINGS



SELECT COMMITTEE ON BLOCKCHAIN, FINANCIAL TECHNOLOGY AND DIGITAL INNOVATION TECHNOLOGY

COMMITTEE MEETING INFORMATION

November 2, 2020 | 8:30 AM

Online Only

The meeting was held remotely due to the COVID-19 health emergency.
Cheyenne, Wyoming

COMMITTEE MEMBERS PRESENT

Senator Chris Rothfuss, Co-chairman
Representative Jared Olsen, Co-chairman
Senator Dan Dockstader
Senator Ogden Driskill
Senator Tara Nethercott (excused)
Representative Mike Greear
Representative Tyler Lindholm
Representative Mike Yin
Matthew D. Kaufman
Caitlin Long
Joel Revill

LEGISLATIVE SERVICE OFFICE STAFF

David Hopkinson, Staff Attorney
MaryBeth Oatsvall, Legislative Editor
Clarissa Nord, Associate Research Analyst

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EXECUTIVE SUMMARY

The Select Committee on Blockchain, Financial Technology and Digital Innovation Technology (Committee) met for one day remotely to discuss interim work. The Committee discussed the commercial filing system update, disclosure of private cryptographic keys, SIM card identity protection, chancery courts, and out-of-state state bank charter conversions legislation. The Committee also received updates from the decentralized autonomous organizations (DAO) and digital identity (DI) working groups. The Committee voted to sponsor bill drafts regarding chancery court vacancy amendments and for-profit public benefit corporations.

CALL TO ORDER

Co-Chairman Olsen called the meeting to order at 8:35 AM. The following sections summarize the Committee proceedings by topic. Please refer to ([Appendix 1-01](#)) to review the Committee Meeting Agenda and ([Appendix 1-03](#)) to review public comment requests. Video of the meeting is available on the Wyoming Legislature's [YouTube](#) page.

COMMERCIAL FILING SYSTEM UPDATES

Discussion of 21LSO-0027 v0.6-Commercial filing system.

Karen Wheeler, Deputy Secretary of State (SOS), expressed support for 21LSO-0027 v0.6-Commercial filing system ([Appendix 2-01](#)). Ms. Wheeler noted how the SOS plans to implement the commercial filing system and complete the Request for Proposals (RFP) process by December 21, 2021. Ms. Wheeler mentioned changing the reversion date to June 30, 2022, might be more feasible for the SOS.

Carla Reyes, Assistant Professor of Law, Southern Methodist University, discussed her article, *Conceptualizing Cryptolaw* ([Appendix 2-02](#)). Professor Reyes also expressed support for the bill draft and referred to one of her current projects, which is to develop a commercial filing system by integrating electronic smart contracts. The Committee discussed the proposed legislation with respect to the development of the commercial filing system and how the Committee might form a working group with the SOS to incorporate Ms. Reyes' and others' work regarding smart contracts.

Public Comment

The following individuals provided public comment:

Henning Diedrich, Developer, Lexon Technology
 Christopher Allen, Blockchain Commons
 David Murry, Private Citizen

Committee Action

After Committee discussion, Co-Chairman Rothfuss moved to table 21LSO-0027v0.6-Commercial filing system update until the Committee's final meeting in December.

DISCLOSURE OF PRIVATE CRYPTOGRAPHIC KEYS

Discussion of 21LSO-0028 v0.6-Disclosure of private cryptographic keys.

Mary Beth Buchanan, Chief Legal Officer, Bitstamp, expressed support for 21LSO-0028 v0.6-Disclosure of private cryptographic keys ([Appendix 3-01](#)) and provided testimony about the legal considerations

surrounding the disclosure of private cryptographic keys ([Appendix 3-04](#)). Ms. Buchanan noted the concepts of sovereign versus general immunity and also discussed digital asset protections.

Professor Aggelos Kiayias, Chair in Cybersecurity and Privacy, Chief Scientist, University of Edinburgh, UK and IOHK, provided testimony regarding situations that would involve the disclosure of private cryptographic keys and specifically the documentation required to prove ownership of digital assets. Professor Kiayias also expressed support for the bill draft.

Mr. Allen commented on the security measures for private keys and mentioned that private keys cannot be securely disclosed and should never be shared to the courts by individuals. Mr. Allen additionally mentioned incorporating the digital identity proposed legislation into the bill draft.

Bryan Bishop, Chief Technology Officer, Avanti Bank & Trust, provided testimony about the background and value of private cryptographic keys as well as the commercial realities of private cryptographic keys. Mr. Bishop expressed support for the bill draft and mentioned he agrees with compelling the disclosure of private cryptographic keys in certain circumstances.

Committee Action

After Committee discussion, the Committee tabled 21LSO-0028-Disclosure of private cryptographic keys until the Committee's final meeting in December.

SIM CARD IDENTITY PROTECTION

Topic Summary

Clarissa Nord, Associate Research Analyst, LSO, provided an overview of *SIM Swapping Best Practices and Standards* ([Appendix 4-02](#)), which provides information about fraudulent SIM swapping, telecommunications industry standards, federal agency guidance, and empirical research.

Lisa McCabe, Director, State Legislative Affairs, CTIA, expressed opposition to the bill draft and outlined the processes wireless providers implement to protect telecommunications users' accounts. Ms. McCabe also mentioned how wireless providers take a wholistic approach in preventing fraudulent SIM swapping by incorporating their own security measures and educating telecommunications users.

Liz Zerga, Silver Star Communications, discussed the steps small wireless providers take to protect telecommunications users' accounts and how providers remain flexible in establishing security measures while confronting evolving situations.

Bruce Asay, Union Telephone Company, expressed concerns with the bill draft and stated how the proposed legislation would affect wireless providers. Mr. Asay additionally discussed other policy alternatives such as consumer education.

Public Comment

The following individual provided public comment:

Mr. Allen

Committee Action

Representative Lindholm moved the Committee to table 21LSO-0112v0.3-SIM card identity protection ([Appendix 4-01](#)) until the Committee's final meeting in December. The motion was seconded and passed by show of hands, with Senators Driskill and Nethercott excused.

Co-Chairman Olsen appointed a working group to discuss potential policy alternatives and changes to the bill draft. The working group members included Representative Lindholm, Representative Yin, and Ms. Long.

CHANCERY COURTS

Introduction of 21LSO-0227 v0.3-Chancery court vacancy amendments.

Mr. Kaufman updated the Committee regarding the Chancery Court working group and reviewed 21LSO-0227 v0.3-Chancery court vacancy amendments ([Appendix 5-01](#)). Mr. Kaufman stated the working group has established rules that the Wyoming Bar reviewed. Representative Greear also presented an amendment to extend the deadline for the Wyoming Supreme Court to appoint judges.

Committee Action

Representative Greear moved the Committee to sponsor 21LSO-0227 v0.3-Chancery court vacancy amendments. The motion was seconded and passed by a roll call vote, with Senator Nethercott excused. The Committee adopted an amendment to extend the appointment deadline to 2026.

DIVISION OF BANKING UPDATES

Discussion of 21LSO-0189 v0.4-Out-of-state state bank charter conversions.

Albert Forkner, Commissioner, Division of Banking, summarized 21LSO-0189 v.0.4-Out-of-state state bank charter conversions ([Appendix 7-01](#)). Chris Land, General Counsel, Division of Banking, noted the bill authorizes out-of-state banks to convert from their state charter to a Wyoming charter. Mr. Land also updated the Committee on Avanti Bank & Trust, which is now the second digital bank approved in Wyoming along with University of Wyoming (UW) establishing the Center for Blockchain and Digital Innovation.

Scott Meier, President/CEO, Wyoming Bankers Association, expressed support for the bill draft.

Committee Action

Co-Chairman Rothfuss moved the Committee send 21LSO-0189-Out-of-state state bank charter conversions to the Joint Minerals, Business & Economic Development Committee for sponsorship. The motion was seconded and passed by a show of hands, with Senator Nethercott excused.

PUBLIC BENEFIT CORPORATIONS

Discussion of 21LSO-0160 v.06-For profit public benefit corporations

Mr. Kaufman provided an overview of 21LSO-0160 v.06-For profit public benefit corporations ([Appendix 8-01](#)). Mr. Kaufman discussed the applicability and formation of for-profit public benefit corporations (PBCs) and the duties of boards of directors for this type of corporation.

George Mocsary, Professor of Law, UW College of Law, expressed support for the bill draft and provided the Committee with information about the advantages of PBCs. Professor Mocsary noted PBCs are a hybrid entity that involve the ability to generate tax revenue while addressing social needs. Mr. Mocsary also discussed how PBCs exist to support the common good and further stated PBCs can exist to serve multiple ends.

Committee Action

Representative Lindholm moved the Committee to sponsor 21LSO-0160 v.06-For profit public benefit corporations. The motion was seconded and passed by a roll call vote, with Senator Nethercott excused. The Committee adopted amendments to move the statutory language into its own chapter, add a title "For-Profit Public Benefit Corporations Supplement", delete the language "...the best interests of those materially affected by the corporation's conduct" from the places it appeared in the draft, and provide conforming amendments.

WORKING GROUP UPDATES

DI Working Group

Co-Chairman Rothfuss provided brief comments regarding the digital identity legislation. David Hopkinson, Staff Attorney, LSO, reviewed 21LSO-0216 v0.5-Digital identity (**Appendix 9-01**) and 21LSO-0216 Unofficial Alternate Draft B (**Appendix 9-02**). Mr. Hopkinson noted the bill drafts define personal and organizational digital identity and also establish requirements for the attribution of acts taken through digital identity.

Dazza Greenwood, Founder, CIVICS.com, expressed support for the bill draft. One concern Mr. Greenwood mentioned was that the draft does not include the word control. Mr. Greenwood stated the Committee should consider adding control and also address other technical improvements.

Brittany Kaiser, Founder, Own Your Data Foundation, commented on the bill draft's definitions, particularly the self-sovereign definition and also expressed support for the bill draft.

Brenden Maher, MIT Media Lab Alumnus, Computer Scientist, discussed the concepts of identity, control, and exclusive control.

Mr. Allen, expressed support for the bill draft and provided additional discussion about self-sovereignty and individual digital identity. Mr. Allen also questioned whether self-sovereignty applies to organizations.

Clare Sullivan, Visiting Professor, Georgetown University, stated the Committee should consider not adding the concept of self-sovereign to the bill draft, as it limits the scope of the legislation.

Mr. Diedrich expressed support for the bill draft, particularly if the next bill draft defines self-sovereign and control.

Committee Action

After Committee discussion, 21LSO-0216 v0.5-Digital identity was tabled until the Committee's final meeting in December. The Committee expressed the general desire to remove self-sovereign, and add synonymous self-sovereign principles such as, "...personal digital identity means the intangible digital representation by, for, and under the control of a natural person and through which he intentionally communicates or acts."

Ms. Long suggested the Committee include the concept of self-sovereign, to reflect the notion that the government does not bestow identity upon citizens, and instead illustrate that identity results from natural law. Mr. Greenwood suggested the use of universal, indivisible, and inalienable regarding self-sovereign principles.

DAO Working Group

Mr. Hopkinson presented a summary of 21LSO-0263 v0.2-Decentralized autonomous organizations (**Appendix 10-01**). Mr. Hopkinson noted the bill defines DAOs as a limited liability company (LLC) and how DAOs differ from traditional LLCs.

Aaron Wright, Associate Professor of Law, Cardozo Law, provided additional information about the bill draft. Professor Wright stated the bill draft serves as a supplement to the Wyoming LLC Act. Professor Wright also provided further detail about the benefits of DAOs and current projects related to DAOs. Professor Wright commented the passage of this supplement to the LLC Act will certify Wyoming's innovative position within the United States.

Public Comment

The following individuals provided public comment:

Mr. Allen
Mr. Maher
Mr. Diedrich
Hunter Otterson, UW Law School
Todd Shaker, UW Law School

Committee Action

After Committee discussion, 21LSO-0263 v0.2-Decentralized autonomous organizations was tabled until the Committee's final meeting in December.

MEETING ADJOURNMENT

There being no further business, Co-Chairman Olsen adjourned the meeting at 6:35 PM.

Respectfully submitted,

Co-Chairman Jared Olsen

Committee Meeting Materials Index

Index Number	Agenda Item	Document Description	Document Provider
1-01		Agenda	LSO
2-01	Commercial filing system	21LSO-0027 v0.6 Commercial filing system update.	LSO
2-02	Commercial filing system	Law Review: Conceptualizing Cryptolaw	Carla L. Reyes, Assistant Professor of Law, SMU Dedman School of Law
3-01	Disclosure of private cryptographic keys	21LSO-0028 v0.6 Disclosure of private cryptographic keys.	LSO
3-02	Disclosure of private cryptographic keys	Law Review: The Challenges of Cryptocurrency Asset Recovery	LSO
3-03	Disclosure of private cryptographic keys	Law Review: THROW AWAY THE KEY OR THE KEY HOLDER COERCIVE-CONTEMPT FOR LOST	LSO
3-04	Disclosure of private cryptographic keys	Private Cryptographic Keys Testimony	Mary Beth Buchanan, Chief Legal Officer, Bitstamp
4-01	SIM card identity protection	SIM Swapping Best Practices and Standards	LSO
4-02	SIM card identity protection	21LSO-0112 v0.3 SIM card identity protection.	LSO
5-01	Chancery courts	21LSO-0227 v0.3 Chancery court vacancy amendments.	LSO
7-01	Division of Banking	21LSO-0189 v0.4 Out-of-state state bank charter conversions.	LSO
8-01	Public Benefit Corporations	21LSO-0160 v0.6 For-profit public benefit corporations.	LSO
9-01	Digital identity	21LSO-0216 v0.5 Digital identity.	LSO

9-02	Digital identity	21LSO-0216 Unofficial Alternate Draft B	LSO
10-01	Decentralized autonomous organizations	21LSO-0263 v0.2 Decentralized autonomous organizations.	LSO
10-02	Decentralized autonomous organizations	Law Review: If Rockefeller Were a Coder	Carla L. Reyes, Assistant Professor of Law, SMU Dedman School of Law