

SUMMARY *of* PROCEEDINGS



SELECT COMMITTEE ON BLOCKCHAIN, FINANCIAL TECHNOLOGY AND DIGITAL INNOVATION TECHNOLOGY

COMMITTEE MEETING INFORMATION

June 14-15, 2022 | 8:30 AM
Sheridan College Whitney Center for the Arts, Room W235
1 Whitney Way
Sheridan, Wyoming

COMMITTEE MEMBERS PRESENT

Senator Chris Rothfuss, Co-chairman
Representative Jared Olsen, Co-chairman
Senator Dan Furphy
Senator R. J. Kost
Senator Tara Nethercott
Representative Clark Stith
Representative Cyrus Western
Representative Mike Yin
Matthew D. Kaufman
Joel Revill
Caitlin Long

LEGISLATIVE SERVICE OFFICE STAFF

David Hopkinson, Staff Attorney
Clarissa Nord, Associate Research Analyst
Emily Wangen, Legislative Editor

OTHERS PRESENT AT MEETING

Please refer to **Appendix 1-02** to review the Committee Sign-in Sheet for a list of other individuals who attended the meeting.

The Committee Meeting Summary of Proceedings (meeting minutes) is prepared by the Legislative Service Office (LSO) and is the official record of the proceedings of a legislative committee meeting. This document does not represent a transcript of the meeting; it is a digest of the meeting and provides a record of official actions taken by the Committee. All meeting materials and handouts provided to the Committee by the Legislative Service Office, public officials, lobbyists, and the public are on file at the Legislative Service Office and are part of the official record of the meeting. An index of these materials is provided at the end of this document and these materials are on file at the Legislative Service Office. For more information or to review meeting materials, please contact the Legislative Service Office at (307) 777-7881 or by e-mail at lso@wyoleg.gov. The Summary of Proceedings for each legislative committee meeting can be found on the Wyoming Legislature's website at www.wyoleg.gov.

EXECUTIVE SUMMARY

The Select Committee on Blockchain, Financial Technology and Digital Innovation Technology met for two days in Sheridan to begin the Select Committee's interim work. On the first day, the Select Committee received updates from the Division of Banking, the Office of U.S. Senator Cynthia Lummis, Wyoming Special Depository Institutions (SPDIs), and updates on state legislation relating to blockchain. The Select Committee also discussed the 2022 Wyoming stable token act and items related to digital assets. On the second day, the Select Committee received updates on blockchain-related businesses in Wyoming and discussed issues relating to digital identity, workforce development in the blockchain/technology sector, and state engagement with blockchain technology. The Select Committee also revisited legislation from previous years regarding private cryptographic keys and public benefit corporations. The meeting can be viewed on YouTube – Select Committee on Blockchain, Financial Technology and Digital Innovation Tech., June 14, 2022-(AM) (PM) and June 15, 2022-(AM) (PM).

TUESDAY, JUNE 14, 2022

CALL TO ORDER (DAY ONE)

Chairman Olsen called the meeting to order at 8:30 a.m. The following sections summarize the Committee proceedings by topic. Please refer to **Appendix 1-01** to review the Committee Meeting Agenda.

UPDATES

Wyoming Division of Banking

Jeremiah Bishop, Wyoming Division of Banking Commissioner, provided updates from the Division. He testified that the Division is seeing interest in using public trust charters for digital asset custody in addition to Special Purpose Depository Institutions.

Office of U.S. Senator Cynthia Lummis

Staff members of the office of U.S. Senator Cynthia Lummis, R-Wyoming, Tyler Lindholm, State Policy Director, and Chris Land, General Counsel, provided updates from Senator Lummis' office. Mr. Lindholm testified that Senator Lummis and U.S. Senator Kirsten Gillibrand, D-New York, introduced the Responsible Financial Innovation Act in Congress, adding that Wyoming's legislative framework has been a basis for the bill. Mr. Land provided an overview of the bill, noting that the bill creates definitions for terms related to the use of digital assets. He added that he optimistically believes this bill would be implemented by 2026.

Legislative Service Office

Emily Wangen, LSO Legislative Editor, presented information (**Appendix 2-01**) on state legislation regarding blockchain technology that has been introduced in the last year in other state legislatures.

Public Comment

Devon Shigaki, FreshCredit, Inc., provided public comment.

SPECIAL PURPOSE DEPOSITORY INSTITUTIONS

Updates from SPDI Banks – Custodia

Caitlin Long, CEO at Custodia, Inc. (formerly known as Avanti Financial, Inc.) and Select Committee member, provided updates from Custodia Bank. She testified that Custodia submitted its business plan and an application for a master account with the Kansas City Federal Reserve as well as applied to be a Member

Bank with the Federal Reserve but has not heard back on these applications, and currently has a lawsuit pending against the Federal Reserve related to the application.

Updates from SPDI Banks – BankWyse

Julia Fellows, CEO at BankWyse (formerly known as Wyoming Deposit & Transfer) provided updates on BankWyse and presented a slide deck (**Appendix 3-01**). She testified that BankWyse is in the process of raising capital and expanding the number of employees.

Updates from SPDI Banks – Commercium

Jonathan Dever, CEO at Commercium Bank, provided updates from Commercium Bank. He testified that Commercium has applied to use ACH Payments for electronic fund transfers and an application for a Federal Reserve master account.

Updates from SPDI Banks – Synapse

Sankaet Pathak, CEO at Synapse, presented background information on Synapse. He testified that Synapse, a company that provides infrastructure and API platforms for financial technology companies, does not have a SPDI charter but is in the application process.

Public Comment

Mr. Lindholm and Mr. Shigaki provided public comment.

Committee Action

Representative Western moved to have LSO draft a bill on open banking. A working group, whose membership will be determined at a later date, will work to provide details for the bill. The motion carried by voice vote.

STABLE TOKENS

Wyoming Stable Token Act

Co-Chairman Rothfuss provided an overview of the Wyoming stable token act that was introduced in the 2022 Budget Session. He explained that the bill was introduced in the Senate (**Appendix 4-03**) and was later amended in the House of Representatives (**Appendix 4-04**) before being vetoed by the Governor (**Appendix 4-02**).

Clarissa Nord, LSO Associate Research Analyst, provided an overview (**Appendix 4-01**) on how stable coins work and discussed their potential uses.

Wyoming State Treasurer Curt Meier and Patrick Fleming, Chief Investment Officer at the Treasurer's Office, provided testimony regarding how the office of the State Treasurer would implement the Wyoming stable token act if it were reintroduced. Mr. Fleming suggested the Committee amend the bill to include all U.S. securities that have a maturity of less than one year. Betsy Anderson, Deputy Chief of Staff and General Counsel to Wyoming Governor Mark Gordon, addressed issues that Governor Gordon raised with his veto of the Wyoming stable token act.

Public Comment

Jeremy Nau, Director, and Daniel Adebimpe, Engineer and Consultant, at Armanino LLP presented slides (**Appendix 4-05**) on stable tokens and potential usage in Wyoming. John Bugnacki, Policy Lead and Counsel at Tacen, Mr. Shigaki and Mark Johann Polecsak, QAN Platform, provided public comment.

Committee Action

The Committee moved to have LSO draft a bill based on the Wyoming Stable Token Act and include staff comments addressing areas of concern highlighted by Representative Stith.

DIGITAL ASSETS

Mr. Kaufman provided an overview of digital assets definition and presented options to address emerging assets in the sector.

Mr. Allen presented slides (**Appendix 8-03**) and discussed the establishment of a Wyoming Registered Digital Asset to bridge the gap between intellectual property, NFTs, and other digital assets.

Public Comment

Sunint Bindra, Intern at Blockchain Commons provided written testimony (**Appendix 8-04**) before the meeting.

Committee Action

At the end of the second day, Co-Chairman Olsen moved to have LSO draft a bill to create a Wyoming registered digital assets system. The motion passed by voice vote.

DAY ONE ADJOURNMENT

Chairman Olsen adjourned the meeting for the day at 6:00 p.m.

WEDNESDAY, JUNE 15, 2022**CALL TO ORDER (DAY TWO)**

Chairman Rothfuss called the meeting to order at 8:30 a.m.

BLOCKCHAIN BUSINESS IN WYOMING**Legislative Service Office**

Ms. Wangen provided information (**Appendix 11-01**) on the number of blockchain-related businesses registered in Wyoming – specifically, cryptocurrency-mining operations, Decentralized Autonomous Organization (DAO) LLCs, and SPDI banks.

Wyoming Secretary of State's Office

Wyoming Deputy Secretary of State Karen Wheeler and Kelly Janes, Compliance Division Director in the Secretary of State's Office provided updated data on the number of blockchain-related businesses registered in Wyoming and gave general updates from the Secretary of State's office. Deputy Wheeler testified that the Secretary of State's Office is currently working with the University of Wyoming to investigate DAO LLCs' public identifiers. Director Janes testified that there are 51 registered utility tokens in the state, noting that the tokens are being used for a variety of purposes.

CityDAO

Scott Fitsimones, Founder of CityDAO, and Eric Gilbert-Williams, CityDAO Citizen, provided a presentation on the DAO's operations in the Northwest corner of Wyoming. Mr. Fitsimones testified that

Wyoming’s DAO LLC law that went into effect in July 2021 provided inspiration for CityDAO, a DAO LLC that purchased a parcel of land near Cody. Mr. Gilbert-Williams explained that each “citizen” of CityDAO holds a non-fungible token (NFT) that gives them equal voting rights on the usage of the land parcel.

Cryptocurrency Mining

Amanda Cavaleri provided insight into the cryptocurrency mining operations located in Wyoming and discussed how Wyoming could attract more miners. She testified that while there are cryptocurrency mining operations coming to Wyoming, Texas has become the “cryptocurrency mining capitol of the world” following China’s ban on Bitcoin mining and due to Texas’ lower electricity prices.

Public Comment

Mr. Shigaki, Mr. Pope, Mr. Allen, and Brenden Maher, member of Select Committee working groups, provided public comment.

DIGITAL IDENTITY

Data Privacy

Mr. Allen and Dazza Greenwood, CIVICS.com founder, provided suggestions to the Select Committee members on how to address data privacy issues. Mr. Allen testified that while Wyoming has implemented good measures, there needs to be more incentives and disincentives.

E-Residency

Raza Khan, Co-Founder and CEO at 3B International; Josh Grubaugh, Board Advisor to the Jackson Hole Technology Partnership; Mr. Allen; and Collin Kinniry, Blockchain Commons intern, discussed e-residency and how it could be implemented in Wyoming. Mr. Khan suggested the state take an approach like corporations domiciling in the state. Mr. Grubaugh testified that Wyoming could attract digital nomads and remote workers looking for digital representation and protections with an e-residency program. Finally, Mr. Allen and Mr. Kinniry provided a presentation (**Appendix 13-03**) on how Wyoming could implement an e-residency program and noted that the legislature has already laid the foundation for an e-residency program. Written testimony was provided by Mr. Allen (**Appendix 13-02**) and Mr. Kinniry (**Appendix 13-04**).

Public Comment

Mr. Maher and Mr. Shigaki provided public comment

Bill Draft: Private Cryptographic Keys

Chairman Rothfuss introduced 23LSO-0058 – Private cryptographic keys (**Appendix 13-01**), which was drafted based on 2021 Senate File 105. The bill would prohibit the court from ordering the disclosure of private cryptographic keys except in limited circumstances.

Public Comment

Mr. Allen and Mr. Maher provided comment.

Committee Action

The Committee moved to have LSO draft a bill based on 2021 Senate File 105 and include “digital identity” in the list of things potentially covered by a private key, and to clarify that the court can still order a person

to sell, transfer, or convey a digital asset, other interest or right that a private cryptographic key may provide access to.

BILL DRAFT: PUBLIC BENEFIT CORPORATIONS

Co-Chairman Rothfuss provided an overview of 23LSO-0049 – For-profit public benefit corporations (**Appendix 15-01**), which was drafted based on 2021 Senate File 36 and would allow for the creation of for profit corporations that focuses on a public benefit rather than the shareholder interests.

Public Comment

Public comment was not provided on this subject.

Committee Action

The Committee discussed moving the bill forward to the next meeting for consideration as a committee bill.

WORKFORCE DEVELOPMENT

University of Wyoming

George Mocsary, Professor of Law at the University of Wyoming, and Steven Lupien, Director of the Center for Blockchain and Digital Innovation at the University of Wyoming, provided updates on educational opportunities for students interested in blockchain technology. Professor Mocsary testified that the College of Law is adding classes and practicums related to blockchain and cryptocurrency in future semesters. Mr. Lupien testified that the Blockchain Center at UW is working to expand blockchain education in the state for high school students through a 12-part video and graphic novel course. He added that the UW cryptocurrency mining club is expanding their mining operations in the next academic year.

Wyoming Community College Commission

Paris Edebern, Chief Technology Officer at the Wyoming Community College Commission, described the approaches the Commission is taking to further blockchain and technology-related education. She testified that they are working with local teachers to add blockchain modules in the computer certification program.

Wyoming Business Council

Wendy Lopez, Business Recruitment Manager at the Wyoming Business Council, testified that technology and blockchain companies generally do not request funding for the Council. She suggested the Select Committee work on growing the supporting industries like lawyers and accountants to work with these companies.

Public Comment

Robin Sessions Cooley, Director at the Wyoming Department of Workforce Services, provided written testimony (**Appendix 16-01**) to the Select Committee.

Committee Action

The Select Committee did not take action on this topic.

STATE ENGAGEMENT

Ms. Nord provided information (**Appendix 18-01**) on government acceptance of cryptocurrency. She testified that governmental entities have offered cryptocurrency payments since 2018.

Ocean Andrew, House District 46, provided an overview of **22LSO-0251**, which created an online system to remit sales tax payments at the time of transaction.

Taylor Rossetti, Support Services Manager at the Wyoming Department of Transportation (WYDOT), and Misty Dobson, WYDOT Program Manager for Drivers Services, provided updates on digital driver's licenses. Mr. Rossetti testified that WYDOT has studied mobile driver's licenses in previous years, adding that WYDOT identified issues with law enforcement and retailers having the technology to verify these licenses.

Public Comment

Mr. Maher provided public comment.

Committee Action

The Select Committee did not take action on this topic.

COMMITTEE DIRECTIVES

Senator Kost moved to have LSO draft a bill that would make the language in Wyoming's digital asset statutes consistent with the federal law proposed by Senator Lummis. The motion passed by voice vote.

Representative Stith moved to have LSO draft a bill to add a definition of "publicly available identifier" into the DAO corporation statute and to require updating the identifier as well as incorporate additional features requested by Mr. Kaufmann. The motion passed by voice vote.

MEETING ADJOURNMENT

There being no further business, Chairman Rothfuss adjourned the meeting at 5:31 p.m. The Select Committee will next meet on September 19-20, 2022.

Respectfully submitted,

Representative Jared Olsen

Committee Meeting Materials Index

Index Number	Agenda Item	Document Description	Document Provider
1-01		Agenda	Legislative Service Office (LSO)
1-02		Sign-In Sheet	LSO
2-01	Updates	Blockchain Legislation Survey	LSO
3-01	Special Purpose Depository Institutions	BankWyse Presentation	BankWyse
4-01	Stable Tokens	Stable Coins: Background and Uses	LSO
4-02	Stable Tokens	SF 106 Veto Letter	LSO
4-03	Stable Tokens	SF 106 - Wyoming stable token act (introduced)	LSO
4-04	Stable Tokens	23LSO-0051 v0.2 Wyoming stable token act.	LSO
4-05	Stable Tokens	Armanino Testimony	Armanino
8-02	Digital Assets	Digital Assets and WRDA	Blockchain Commons LLC.
8-03	Digital Assets	Wyoming WRDA Slides	Blockchain Commons LLC
8-04	Digital Assets	Wyoming WRDA Testimony	Sunint Bindra
11-01	Blockchain Business in Wyoming	Blockchain Business in Wyoming	LSO
11-02	Blockchain Business in Wyoming	CityDAO Presentation	CityDAO
13-01	Digital Identity	23LSO-0058 v0.2 Disclosure of private cryptographic keys.	LSO
13-02	Digital Identity	Digital Identity Testimony	Blockchain Commons LLC

13-03	Digital Identity	Wyoming E-Residency Slides	Blockchain Commons LLC
13-04	Digital Identity	Collin Kinniry Testimony	Collin Kinniry
15-01	Bill Draft: Public Benefit Corporations	23LSO-0049 v0.2 For-profit public benefit corporations.	LSO
16-01	Workforce Development	Workforce Development Memo	Wyoming Department of Workforce Services
18-01	State Engagement	Government Acceptance of Cryptocurrency	LSO