



March 25, 2022

The Honorable Edward Buchanan
Secretary of State
Herschler Building East
122 W. 25th Street, Suite 100
Cheyenne, Wyoming 82002

Re: Veto of SEA0050/SF0106 - Wyoming Stable Token Act

Dear Secretary Buchanan:

Wyoming has been on the cutting edge regarding the regulation of special purpose depository institutions for the exchange of digital assets including cryptocurrencies. This has been an important area of endeavor for Wyoming and I believe it is in our state's best interests to continue to lead the pack as the world begins to transition to new forms of currency and settlement, and new means of transferring assets. Nevertheless, we must do so thoughtfully and with care, as this new realm of virtual currency is still something of a frontier, which can present significant and perhaps also unanticipated challenges. There is value in being first, but more so in being long-lived and reliable. At this time, the Wyoming Treasurer's Office is struggling to keep current with its other obligations to the state, and despite assurances that the processes described in this bill are simple and straightforward, I remain unconvinced that this camel can carry even one more straw. Therefore, at this time, I find it necessary to veto the Wyoming Stable Token Act.

I believe there are good ideas contained in this Act, but I am concerned that not all stakeholders were consulted prior to its passage by the Legislature. Wyoming's reputation is at stake, as are the reputations of the individuals tasked with implementing the Act, should the effort fail. Moreover, unfortunately this idea emerged before there was enough time to provide even the most basic fiscal note describing the potential impacts of this Act. If such a note had been prepared, it should have provided more information on the cost of accounting services, blockchain vendor services, and other expenses that would be necessary to implement this Act, as well as giving an estimation of potential revenue or other benefit, if any, which might be generated from the State's issuance of a stable token. As it is, there is not much more to recommend it than the intoxication of being a "first mover" with all the opportunity and peril that can imply. I suppose the same quandary presented itself to early aviators.

Additionally, the deadline to issue a stable token by December 31, 2022 is quite aggressive, especially considering the Treasurer's Office, which is tasked with implementing this Act, is busy addressing other critical concerns related to accounting for its other investment activities. Moreover, without a proper opportunity to consider defensible strategies to frustrate potential hacking, or a dedicated IT staff conversant with the technology underlying stablecoin, or the time to gain the legal acumen to properly vet

and craft pertinent contracts, or appropriate knowledge of code, our foray into a Wyoming cryptocurrency enjoys a preternatural level of risk with a correspondingly uncertain reward. Nor is it entirely clear that the issuance of a Wyoming cryptocurrency, backed by assets held by Wyoming taxpayers yet traded by others, would not run afoul of Article 16, Section 6 of the Wyoming Constitution. Therefore, I believe scurrying to implement this Act as it is currently constructed is not prudent at this time; rather, I believe the opportunity to properly configure the initial offering will benefit from additional thought and contemplation. I recognize the urgency of this effort and recommend diligence over this upcoming year and look forward to a more thorough Act next year.

Wyoming has done well because we have done more in this area of digital assets more thoughtfully than others. In this case, the effort was rushed – so much so that the Investment Funds Committee, in which much of the investment experience is vested, was not even consulted before they were given their tasks in this Act nor was their opinion sought in crafting the Act. If it is worth doing, it is worth doing right and the advantage of being first into the space will not be lost with another year's closer examination. In fact, at a time when Wyoming is already working diligently to allay fears that regulators such as the Federal Reserve have about the capacities of a small state with big ambitions, I submit Wyoming should not implement a stable coin account without proper care and confidence in its success. So much of our pioneering work in this area is based on doing the right thing, doing it the right way, and doing it right away. We cannot afford to be regarded as hasty or slipshod, especially now that we have demonstrated our unique acumen to the world. None of the benefit of being a "first" is compromised by a year of reflection, a better understanding of the costs associated with such a new venture, and a refined proposal.

I vigorously encourage the Legislature to include the Wyoming Stable Token Act as an interim study with the intent of bringing a better bill forward - one that will consult with all stakeholders, outline operational costs and concerns better, and allow sufficient time for the successful implementation of such a program. I understand how disappointing this veto may be to many who have worked on this Act; nevertheless, the ramifications of poorly prosecuting this stable token program for Wyoming are simply too great to proceed without complete due diligence. I look forward to seeing a more thoroughly vetted bill in the Legislature's 2023 General Session.

Sincerely,



Mark Gordon
Governor

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cc: The Honorable Dan Dockstader, President of the Senate
The Honorable Eric Barlow, Speaker of the House
Chief Clerk, Wyoming Senate
Chief Clerk, Wyoming House of Representatives