

SENATE FILE NO. SF0050

Unincorporated nonprofit DAO's.

Sponsored by: Select Committee on Blockchain, Financial
Technology and Digital Innovation Technology

A BILL

for

1 AN ACT relating to corporations, partnerships and
2 associations; providing for the formation and management of
3 decentralized unincorporated nonprofit associations;
4 providing definitions; and providing for an effective date.

5

6 *Be It Enacted by the Legislature of the State of Wyoming:*

7

8 **Section 1.** W.S. 17-32-101 through 17-32-129 are
9 created to read:

10

11

CHAPTER 32

12

WYOMING DECENTRALIZED UNINCORPORATED

13

NONPROFIT ASSOCIATION ACT

14

15

17-32-101. Short title.

1

2 This act shall be known and may be cited as the "Wyoming
3 Decentralized Unincorporated Nonprofit Association Act."

4

5 **17-32-102. Definitions.**

6

7 (a) As used in this act:

8

9 (i) "Administrator" means a person authorized by
10 the members of a decentralized unincorporated nonprofit
11 association to fulfill administrative or operational tasks
12 at the direction of the membership;

13

14 (ii) "Charitable purpose" means any purpose of
15 an organization that has attained exemption under section
16 501(c)(3) of the Internal Revenue Code or any successor
17 section, or that upon dissolution shall distribute its
18 assets to a public benefit corporation, the United States,
19 a state or a person that is recognized as exempt under
20 section 501(c)(3) of the Internal Revenue Code or any
21 successor section;

22

1 (iii) "Decentralized unincorporated nonprofit
2 association" or "nonprofit association" means an
3 unincorporated nonprofit association that meets the
4 following requirements:

5
6 (A) Consists of at least one hundred (100)
7 members joined by mutual consent under an agreement, that
8 may be in writing or inferred from conduct, for a common
9 nonprofit purpose except as permitted under W.S. 17-32-104;

10

11 (B) Has elected to be formed under this
12 act; and

13

14 (C) Is not formed under any other law
15 governing the nonprofit association's organization or
16 operation.

17

18 (iv) "Digital asset" means as defined in W.S.
19 34-29-101(a)(i);

20

21 (v) "Distributed ledger technology" means a
22 distributed ledger protocol and supporting infrastructure,
23 including blockchain, that uses a distributed, shared and

1 replicated ledger, whether it be public or private,
2 permissioned or permissionless, and that may include the
3 use of digital assets as a medium of electronic exchange;

4

5 (vi) "Established practices" means the practices
6 used by a decentralized unincorporated nonprofit
7 association without material change during the most recent
8 five (5) years of the association's existence, or if the
9 association has existed for less than five (5) years,
10 during the nonprofit association's entire existence;

11

12 (vii) "Governing principles" means all
13 agreements and any amendment or restatement of those
14 agreements, including any decentralized unincorporated
15 nonprofit association agreements, consensus formation
16 algorithms, smart contracts or enacted governance
17 proposals, that govern the purpose or operation of a
18 decentralized unincorporated nonprofit association and the
19 rights and obligations of the nonprofit association's
20 members and administrators, whether contained in a record,
21 implied from the nonprofit association's established
22 practices or both;

23

1 (viii) "Member" means a person who, under the
2 governing principles of a decentralized unincorporated
3 nonprofit association, may participate in the selection of
4 the nonprofit association's administrators or the
5 development of the policies and activities of the nonprofit
6 association;

7

8 (ix) "Membership interest" means a member's
9 voting right in a decentralized unincorporated nonprofit
10 association determined by the nonprofit association's
11 governing principles, including as ascertained from
12 decentralized ledger technology on which the nonprofit
13 association relies to determine a member's voting right;

14

15 (x) "Person" means an individual, corporation,
16 business trust, estate, trust, partnership, association,
17 agency, joint venture, government, governmental subdivision
18 or instrumentality or any other legal commercial entity;

19

20 (xi) "Record" means as defined in W.S.
21 40-21-102(a)(xiii);

22

1 (xii) "Smart contract" means an automated
2 transaction, as defined in W.S. 40-21-102(a)(ii), or any
3 substantially similar analogue or code, script or
4 programming language relying on distributed ledger
5 technology, including blockchain, which may include
6 facilitating and instructing transfers of an asset,
7 administrating membership interest votes with respect to a
8 decentralized unincorporated nonprofit association or
9 issuing executable instructions for these actions based on
10 the occurrence or nonoccurrence of specified conditions;

11

12 (xiii) "State" means a state of the United
13 States, the District of Columbia, the commonwealth of
14 Puerto Rico or any territory or insular possession subject
15 to the jurisdiction of the United States;

16

17 (xiv) "This act" means W.S. 17-32-101 through
18 17-32-128.

19

20 **17-32-103. Governing law; territorial application.**

21

1 (a) The law of this state governs any decentralized
2 unincorporated nonprofit association that is formed in this
3 state.

4

5 (b) A decentralized unincorporated nonprofit
6 association's governing principles shall identify the
7 jurisdiction in which the decentralized unincorporated
8 nonprofit association is formed.

9

10 **17-32-104. Profits; prohibitions on distributions and**
11 **dividends; compensation and other permitted payments.**

12

13 (a) A decentralized unincorporated nonprofit
14 association may engage in profit-making activities, but
15 profits from any activities shall be used in furtherance
16 of, or set aside for, the nonprofit association's common
17 nonprofit purpose.

18

19 (b) Except as provided in subsection (c) of this
20 section, a decentralized unincorporated nonprofit
21 association may not pay dividends or distribute any part of
22 its income or profits to its members or administrators or
23 persons outside the nonprofit association.

1

2 (c) A decentralized unincorporated nonprofit
3 association may:

4

5 (i) Pay reasonable compensation or reimburse
6 reasonable expenses to its members, administrators and
7 persons outside the nonprofit association for services
8 rendered, including with respect to the administration and
9 operation of the nonprofit association, which may include
10 the provisions of collateral for the self-insurance of the
11 nonprofit association, voting or participation in the
12 nonprofit association's operations and activities;

13

14 (ii) Confer benefits on its members and
15 administrators in conformity with its common nonprofit
16 purpose;

17

18 (iii) Repurchase membership interests to the
19 extent authorized by the nonprofit association's governing
20 principles; and

21

22 (iv) Make distributions of property to members
23 upon winding up and termination of the decentralized

1 unincorporated nonprofit association to the extent
2 permitted by W.S. 17-32-126.

3

4 **17-32-105. Real and personal property; decentralized**
5 **unincorporated nonprofit association as beneficiary,**
6 **legatee or devisee.**

7

8 (a) A decentralized unincorporated nonprofit
9 association in its name may acquire, hold, encumber or
10 transfer an estate or interest in real or personal
11 property.

12

13 (b) A decentralized unincorporated nonprofit
14 association may be a legatee, devisee or beneficiary of a
15 trust or contract.

16

17 **17-32-106. Statement of authority as to real**
18 **property.**

19

20 (a) A decentralized unincorporated nonprofit
21 association shall execute and record a statement of
22 authority to transfer an estate or interest in real
23 property in the name of the nonprofit association.

1

2 (b) An estate or interest in real property in the
3 name of a decentralized unincorporated nonprofit
4 association may be transferred by a person so authorized in
5 a statement of authority recorded in the office of the
6 county clerk in which a transfer of the property will be
7 recorded.

8

9 (c) A statement of authority shall set forth:

10

11 (i) The name of the decentralized unincorporated
12 nonprofit association;

13

14 (ii) The address in this state, including the
15 street address, if any, of the nonprofit association. If
16 the nonprofit association does not have an address in this
17 state, the statement of authority shall include the
18 nonprofit association's address out of state;

19

20 (iii) The name or title of the person authorized
21 to transfer an estate or interest in real property held in
22 the name of the nonprofit association; and

23

1 (iv) The action, procedure or vote of the
2 decentralized unincorporated nonprofit association which
3 authorizes the person to transfer the real property of the
4 nonprofit association and which authorizes the person to
5 execute the statement of authority.

6

7 (d) A statement of authority shall be executed in the
8 same manner as a deed. The person who executes the
9 statement of authority shall not be the named person in the
10 statement of authority authorized to transfer the estate or
11 interest.

12

13 (e) The filing officer may collect a fee for
14 recording the statement of authority in the amount
15 authorized for recording a transfer of real property.

16

17 (f) An amendment, including cancellation, of a
18 statement of authority shall meet the requirements for
19 execution and recording of an original statement. Unless
20 canceled earlier, a recorded statement of authority or its
21 most recent amendment is canceled by operation of law five
22 (5) years after the date of the most recent recording.

23

1 (g) If the record title to the real property is in
2 the name of a decentralized unincorporated nonprofit
3 association and the statement of authority is recorded in
4 the office of the county clerk in which a transfer of real
5 property would be recorded, the authority of the person
6 named in a statement of authority is conclusive in favor of
7 a transferee who gives value without notice that the person
8 named in the statement of authority lacks authority.

9

10 **17-32-107. Liability in tort or contract.**

11

12 (a) A decentralized unincorporated nonprofit
13 association is a legal entity separate from its members for
14 the purposes of determining and enforcing rights, duties
15 and liabilities in contract and tort.

16

17 (b) A person is not liable for a breach of a
18 decentralized unincorporated nonprofit association's
19 contract merely because the person is a member,
20 administrator, authorized to participate in the management
21 of the affairs of the nonprofit association or considered
22 as a member by the nonprofit association.

23

1 (c) A person is not liable for a tortious act or
2 omission for which a decentralized unincorporated nonprofit
3 association is liable merely because the person is a member
4 or administrator of the nonprofit association, or is a
5 person authorized to participate in the management of the
6 affairs of the nonprofit association or considered as a
7 member by the nonprofit association.

8

9 (d) A tortious act or omission of a member,
10 administrator or other person for which a decentralized
11 unincorporated nonprofit association is liable is not
12 imputed to a person merely because the person is a member
13 or administrator of the nonprofit association, or is a
14 person authorized to participate in the management of the
15 affairs of the nonprofit association or considered as a
16 member by the nonprofit association.

17

18 (e) A member, administrator, person authorized to
19 participate in the management of the affairs of the
20 nonprofit association, or person considered as a member by
21 the nonprofit association may assert a claim against the
22 decentralized unincorporated nonprofit association. A
23 decentralized unincorporated nonprofit association may

1 assert a claim against a member, administrator, person
2 authorized to participate in the management of the affairs
3 of the nonprofit association or person considered as a
4 member by the nonprofit association.

5

6 **17-32-108. Capacity to assert and defend; standing.**

7

8 (a) A decentralized unincorporated nonprofit
9 association, in its name, may institute, defend, intervene
10 or participate in a judicial, administrative or other
11 governmental proceeding or in an arbitration, mediation or
12 any other form of alternative dispute resolution.

13

14 (b) A decentralized unincorporated nonprofit
15 association may assert a claim on behalf of its members if:

16

17 (i) One (1) or more members of the nonprofit
18 association have standing to assert a claim in their own
19 right;

20

21 (ii) The interests the nonprofit association
22 seeks to protect are germane to its purposes; and

23

1 (iii) Neither the claim asserted, nor the relief
2 requested requires the participation of a member.

3
4 **17-32-109. Effect of judgement or order.**

5
6 A judgment or order against a decentralized unincorporated
7 nonprofit association is not by itself a judgment or order
8 against a member or administrator of the nonprofit
9 association.

10
11 **17-32-110. Appointment of agent to receive service of**
12 **process.**

13
14 (a) A decentralized unincorporated nonprofit
15 association may file in the office of the secretary of
16 state a statement appointing an agent authorized to receive
17 service of process.

18
19 (b) A statement appointing an agent shall set forth:

20
21 (i) The name of the decentralized unincorporated
22 nonprofit association;

1 (ii) The address in this state, including the
2 street address, if any, of the nonprofit association. If
3 the nonprofit association does not have an address in this
4 state, the statement shall include the nonprofit
5 association's address out of state; and

6

7 (iii) The name of the person in this state
8 authorized to receive service of process and the person's
9 address, including the state address, in this state.

10

11 (c) A statement appointing an agent shall be signed
12 and acknowledged by a person authorized to administer the
13 affairs of the decentralized unincorporated nonprofit
14 association. The statement shall also be signed and
15 acknowledged by the person appointed agent, who thereby
16 accepts the appointment.

17

18 (d) A filing officer may collect a fee of five
19 dollars (\$5.00) for filing a statement appointing an agent
20 to receive service of process, an amendment or a
21 resignation.

22

1 (e) An amendment to a statement appointing an agent
2 to receive service of process shall meet the requirements
3 for execution of an original statement.

4

5 (f) If the secretary of state refuses to file a
6 statement appointing an agent, the secretary of state shall
7 return the statement to the decentralized unincorporated
8 nonprofit association or its representative within fifteen
9 (15) days after the statement was received by the secretary
10 of state, together with a brief, written explanation of the
11 reason for the refusal.

12

13 **17-32-111. Summons and complaint; service on whom.**

14

15 In an action or proceeding against a decentralized
16 unincorporated nonprofit association a summons and
17 complaint shall be served on an agent authorized to receive
18 service of process or a person authorized to administer the
19 affairs of the nonprofit association. If none of them can
20 be served, service may be made on a member of the nonprofit
21 association.

22

1 **17-32-112. Claim not abated by change of members,**
2 **administrators or persons authorized.**

3

4 A claim for relief against a decentralized unincorporated
5 nonprofit association shall not abate merely because of a
6 change in its members or persons authorized to administer
7 the affairs of the nonprofit association.

8

9 **17-32-113. Venue.**

10

11 (a) For purposes of venue, a decentralized
12 unincorporated nonprofit association is a resident of a
13 county in which:

14

15 (i) The nonprofit association has an office; or

16

17 (ii) The agent authorized to receive service of
18 process under W.S. 17-32-110 resides.

19

20 **17-32-114. Perpetual existence, dissolution,**
21 **continuation of existence.**

22

1 (a) A decentralized unincorporated nonprofit
2 association shall have perpetual existence unless its
3 governing principles otherwise specify.

4

5 (b) A decentralized unincorporated nonprofit
6 association may be dissolved by any of the following
7 methods:

8

9 (i) If the governing principles of the nonprofit
10 association provide a time or method for dissolution, by
11 that method;

12

13 (ii) If the governing principles of the
14 nonprofit association do not provide a method for
15 dissolution, by approval of its members in accordance with
16 W.S. 17-32-120;

17

18 (iii) If membership in the nonprofit association
19 falls below one hundred (100) members and the decentralized
20 unincorporated nonprofit association does not meet the
21 requirements of a Wyoming unincorporated nonprofit
22 association under W.S. 17-22-101 through 17-22-115. In the
23 event membership in the nonprofit association falls below

1 one hundred (100) members and the nonprofit association
2 meets the requirements of a Wyoming unincorporated
3 nonprofit association under W.S. 17-22-101 through
4 17-22-115, the entity automatically converts to a Wyoming
5 unincorporated nonprofit association unless the governing
6 principles otherwise specify another organizational statute
7 and the organization meets the statutory requirements of
8 that organization;

9

10 (iv) By court order.

11

12 (c) After dissolution, a decentralized unincorporated
13 nonprofit association continues in existence until its
14 activities have been wound up and terminated pursuant to
15 W.S. 17-32-126.

16

17 **17-32-115. Admission, suspension, dismissal or**
18 **expulsion of members.**

19

20 (a) A person becomes a member in accordance with the
21 governing principles of the decentralized unincorporated
22 nonprofit association. If there are no applicable governing
23 principles, a person shall be considered a member upon

1 purchase or assumption of ownership of a membership
2 interest or other property or instrument that confers a
3 voting right with the nonprofit association and the person
4 shall continue as a member absent the person's suspension,
5 dismissal or expulsion pursuant to subsection (b) of this
6 section, resignation pursuant to W.S. 17-32-116 or the
7 nonprofit association's dissolution and wind-up pursuant to
8 W.S. 17-32-114 and W.S. 17-32-126.

9

10 (b) Subject to the governing principles, a member may
11 be suspended, dismissed or expelled from a decentralized
12 unincorporated nonprofit association. If there are no
13 applicable governing principles, a member may be suspended,
14 dismissed or expelled by approval of its members in
15 accordance with W.S. 17-32-120.

16

17 (c) Unless otherwise provided for in the governing
18 principles, suspension, dismissal or expulsion of a member
19 does not relieve the member of any obligation incurred, or
20 commitment made by the member, before the suspension,
21 dismissal or expulsion.

22

23 **17-32-116. Member resignation.**

1

2 (a) A member may resign as a member of a
3 decentralized unincorporated nonprofit association in
4 accordance with the governing principles of the nonprofit
5 association. If there are no applicable governing
6 principles, a member shall be deemed to have resigned as a
7 member upon the disposal, whether voluntary or involuntary,
8 of all membership interests or other property or
9 instruments that confer upon the person a voting right
10 within the nonprofit association.

11

12 (b) Unless otherwise provided for in the governing
13 principles, resignation of a member does not relieve the
14 member of any obligation incurred, or commitment made by
15 the member, before the resignation.

16

17 **17-32-117. Duties of members.**

18

19 (a) Unless otherwise provided for in the governing
20 principles, a member shall not have any fiduciary duty to a
21 decentralized unincorporated nonprofit association or to
22 any other member of the nonprofit association solely by
23 reason of being a member.

1

2 (b) All members shall be subject to the implied
3 contractual covenant of good faith and fair dealing.

4

5 **17-32-118. Member has no agency powers.**

6

7 (a) A member is not an agent of a decentralized
8 unincorporated nonprofit association solely by reason of
9 being a member.

10

11 (b) A person's status as a member does not prevent or
12 restrict laws other than this act from imposing liability
13 on a decentralized unincorporated nonprofit association
14 because of the member's conduct.

15

16 **17-32-119. Member interests transferable.**

17

18 Except as otherwise provided in the decentralized
19 unincorporated nonprofit association's governing
20 principles, a member interest or any right thereunder is
21 freely transferable to another person through conveyance of
22 the membership interest or other property that confers upon
23 a person a voting right within the nonprofit association.

1

2 **17-32-120. Approval by members.**

3

4 (a) Except as otherwise provided in the governing
5 principles, a decentralized unincorporated nonprofit
6 association shall have the approval of the majority of
7 membership interests participating in a vote to:

8

9 (i) Suspend, dismiss or expel a member;

10

11 (ii) Select or dismiss an administrator;

12

13 (iii) Adopt, amend or repeal the governing
14 principles;

15

16 (iv) Sell, lease, exchange or otherwise dispose
17 of the decentralized unincorporated nonprofit association's
18 property;

19

20 (v) Dissolve the decentralized unincorporated
21 nonprofit association under W.S 17-32-114;

22

1 (vi) Undertake any other act outside the
2 ordinary course of the decentralized unincorporated
3 nonprofit association's activities;

4

5 (vii) Determine the policy and purpose of the
6 decentralized unincorporated nonprofit association.

7

8 (b) A decentralized unincorporated nonprofit
9 association shall have the approval of its members in
10 accordance with its governing principles to perform any
11 acts or exercise a right that the governing principles
12 require to be approved by members.

13

14 (c) Unless otherwise provided for in the governing
15 principles, membership interest in a decentralized
16 unincorporated nonprofit association shall be calculated in
17 proportion to a member's voting rights within the nonprofit
18 association.

19

20 **17-32-121. Utilization of distributed ledger**
21 **technology.**

22

1 (a) A decentralized unincorporated nonprofit
2 association may provide for its governance, in whole or in
3 part, through distributed ledger technology, including
4 smart contracts.

5

6 (b) The governing principles for a decentralized
7 unincorporated nonprofit association may:

8

9 (i) Specify whether any distributed ledger
10 technology utilized or enabled by the decentralized
11 unincorporated nonprofit association will be fully
12 immutable or subject to change by the nonprofit association
13 and whether any distributed ledger will be fully or
14 partially public or private, including the extent of a
15 member's access to information;

16

17 (ii) Adopt voting procedures, which may include
18 smart contracts deployed to distributed ledger technology
19 that provide for the following:

20

21 (A) Proposals from members or
22 administrators in the decentralized unincorporated

1 nonprofit association for upgrades, modifications or
2 additions to software systems or protocols;

3

4 (B) Other proposed changes to the
5 decentralized unincorporated nonprofit association's
6 governing principles; and

7

8 (C) Any other matters of governance or
9 activities within the purpose of the decentralized
10 unincorporated nonprofit association.

11

12 **17-32-122. Consensus formation algorithms and**
13 **governance process.**

14

15 (a) In accordance with its governing principles, a
16 decentralized unincorporated nonprofit association may:

17

18 (i) Adopt any reasonable algorithmic means for
19 establishing consensus for the validation of records, as
20 well as for establishing requirements, processes and
21 procedures for conducting operations or making
22 organizational decisions with respect to the distributed

1 ledger technology used by the decentralized unincorporated
2 nonprofit association; and

3

4 (ii) In accordance with any procedure specified
5 pursuant to W.S. 17-32-121, modify the consensus mechanism,
6 as well as the requirements, processes and procedures or
7 substitute a new consensus mechanism, requirements,
8 processes or procedures that comply with this state's law
9 and the governing principles of the nonprofit association.

10

11 **17-32-123. Selection of administrators; rights and**
12 **duties of administrators.**

13

14 (a) Unless otherwise provided for in the
15 decentralized unincorporated nonprofit association's
16 governing principles, the members of a nonprofit
17 association may select the nonprofit association's
18 administrators in accordance with W.S. 17-32-120.

19

20 (b) If no administrators are selected, none of the
21 members shall be considered administrators for the
22 decentralized unincorporated nonprofit association.

23

1 (c) No decentralized unincorporated nonprofit
2 association shall be required to have an administrator, and
3 the rights and duties of all administrators shall be
4 established as part of the authorization of authority to
5 act as an administrator.

6

7 (d) If in a record, the governing principles of a
8 decentralized unincorporated nonprofit association may
9 limit or eliminate the liability of an administrator to the
10 nonprofit association or its members for money damages for
11 any action taken, or failure to take any action, as an
12 administrator except liability for:

13

14 (i) The amount of financial benefit improperly
15 received by an administrator;

16

17 (ii) An intentional infliction of harm on the
18 nonprofit association or its members;

19

20 (iii) An intentional violation of criminal law;

21

22 (iv) Breach of the duty of loyalty should one
23 exist, unless, following full disclosure of all material

1 facts to the nonprofit association members, the specific
2 act or transaction that would otherwise breach the duty of
3 loyalty is authorized or ratified by approval of the
4 disinterested members pursuant to W.S. 17-32-120;

5

6 (v) Improper distributions.

7

8 **17-32-124. Right to inspect records.**

9

10 (a) Except as provided by subsection (b) of this
11 section, on reasonable notice, a member or administrator of
12 a decentralized unincorporated nonprofit association shall
13 be entitled to an electronic record of any record
14 maintained by the nonprofit association regarding the
15 nonprofit association's activities, financial condition and
16 other circumstances, to the extent the information is
17 material to a member or administrator's rights and duties
18 under the nonprofit association's governing principles or
19 this act.

20

21 (b) A decentralized unincorporated nonprofit
22 association shall not be obligated to provide records
23 requested from a member or administrator if access to the

1 information is contained in a record available to the
2 member or administrator on decentralized ledger technology.

3

4 (c) A decentralized unincorporated nonprofit
5 association may impose reasonable restrictions on access to
6 and use of information that may be provided under this
7 section, including by designating the information
8 confidential and imposing nondisclosure or other
9 safeguarding obligations on the recipient of the
10 information. In a dispute concerning the reasonableness of
11 a restriction under this subsection, the nonprofit
12 association shall have the burden of proving
13 reasonableness.

14

15 (d) A former member or administrator may have access
16 to information to which the former member or administrator
17 was entitled to as a member or administrator if:

18

19 (i) The information relates to the period of
20 time during which the former member or administrator was a
21 member or administrator;

22

1 (ii) The former member or administrator seeks
2 the information in good faith; and

3

4 (iii) The former member or administrator
5 satisfies the requirements of subsection (a) through (c) of
6 this section with respect to the information.

7

8 (e) A decentralized unincorporated nonprofit
9 association shall not be obligated to collect and maintain
10 a list of members or individual member information,
11 including the names or addresses of its members.

12

13 **17-32-125. Indemnification; advancement of expenses.**

14

15 (a) Unless otherwise provided in its governing
16 principles, a decentralized unincorporated nonprofit
17 association may reimburse a member or administrator for
18 authorized expenses reasonably incurred on behalf of the
19 nonprofit association.

20

21 (b) A decentralized unincorporated nonprofit
22 association may indemnify a member or administrator for any
23 debt, obligation or other liability incurred in the course

1 of the member or administrator's activities on behalf of
2 the nonprofit association. To be eligible for
3 indemnification, an administrator must have complied with
4 the duties stated in W.S. 17-32-123. If in a record, a
5 nonprofit association's governing principles may broaden or
6 limit this right of indemnification.

7

8 (c) If a person is made, or threatened to be made, a
9 party in a proceeding based on that person's conduct in the
10 affairs of a decentralized unincorporated nonprofit
11 association, that person is entitled, upon written request
12 to the nonprofit association, including through
13 decentralized ledger technology, to receive payment of or
14 reimbursement by the nonprofit association, of reasonable
15 expenses, including attorney's fees and disbursements,
16 incurred by that person in advance of the final disposition
17 of the proceeding. To be entitled to these payments or
18 advances the person making the request shall make a written
19 affirmation that the person has a good faith belief that
20 the criteria for indemnification in subsection (a) of this
21 section have been satisfied and that the person will repay
22 the amounts paid or reimbursed if it is determined that the
23 criteria for reimbursement have not been satisfied. No

1 payment or reimbursement under this subsection shall be
2 made without prior approval, in a record, of the
3 disinterested members under W.S. 17-32-102.

4

5 (d) A decentralized unincorporated nonprofit
6 association may purchase and maintain insurance on behalf
7 of a member or administrator for liability asserted against
8 or incurred by the member or administrator in that
9 capacity, whether or not the nonprofit association would
10 have the power to indemnify or advance expenses to the
11 member or administrator against the same liability under
12 this section.

13

14 (e) These rights of reimbursement, indemnification
15 and advancement of expense apply to former members or
16 administrators for activities undertaken on behalf of the
17 decentralized unincorporated nonprofit association while
18 they were members or administrators.

19

20 **17-32-126. Winding up; termination.**

21

22 (a) A dissolved decentralized unincorporated
23 nonprofit association shall wind up its operations and the

1 nonprofit association shall continue after dissolution only
2 for the purpose of winding up.

3

4 (b) In winding up a decentralized unincorporated
5 nonprofit association, the members:

6

7 (i) Shall discharge the nonprofit association's
8 debts, obligations and other liabilities, settle and close
9 the nonprofit association's business and distribute any
10 remaining property:

11

12 (A) As required by state law other than
13 this chapter requiring assets of an association to be
14 distributed to another entity or person with similar
15 nonprofit purposes;

16

17 (B) In accordance with the nonprofit
18 association's governing principles. In the absence of
19 applicable governing principles, to the current members of
20 the nonprofit association in proportion to their membership
21 interests; or

22

1 (C) If neither subdivision (A) or (B) of
2 this paragraph applies, in accordance with the law of
3 unclaimed property contained in W.S. 34-24-101 through
4 34-24-140.

5

6 (ii) May:

7

8 (A) Authorize an administrator to wind up
9 the nonprofit association in accordance with W.S.
10 17-32-120. Any administrator so authorized shall owe the
11 nonprofit association a duty of care in the conduct or
12 winding up of the nonprofit to refrain from grossly
13 negligent or reckless conduct, willful or intentional
14 misconduct or a knowing violation of the law;

15

16 (B) Preserve the nonprofit association's
17 operations and property as a going concern for a reasonable
18 time;

19

20 (C) Prosecute and defend actions and
21 proceedings, whether civil, criminal or administrative;

22

1 (D) Transfer the nonprofit association's
2 property;

3

4 (E) Settle disputes by mediation or
5 arbitration;

6

7 (F) Perform other acts necessary or
8 appropriate to the winding up.

9

10 (iii) If the members of a nonprofit association
11 do not appoint an administrator or administrators to wind
12 up the nonprofit association, the members shall owe the
13 nonprofit association a duty of care in the conduct or
14 winding up of the nonprofit association's operations to
15 refrain from engaging in grossly negligent or reckless
16 conduct, willful or intentional misconduct or a knowing
17 violation of the law.

18

19 **17-32-127. Mergers.**

20

21 (a) As used in this section:

22

1 (i) "Constituent organization" means an
2 organization that is merged with one (1) or more other
3 organizations and includes the surviving organization;

4

5 (ii) "Disappearing organization" means a
6 constituent organization that is not the surviving
7 organization;

8

9 (iii) "Governing statute" means the statute that
10 governs an organization's internal affairs;

11

12 (iv) "Organization" means a decentralized
13 unincorporated nonprofit association, an unincorporated
14 nonprofit association, a general partnership, including a
15 limited liability partnership, a limited partnership,
16 including a limited liability limited partnership, a
17 limited liability company, a business or statutory trust, a
18 corporation or any other legal or commercial person having
19 a governing statute. The term includes a domestic or
20 foreign organization regardless of whether the organization
21 is organized for profit;

22

1 (v) "Organizational document" means the basic
2 records that create the organization and determine its
3 internal governance and the relations among the persons
4 that own it, have an interest in it or are members of it;

5

6 (vi) "Surviving organization" means an
7 organization into which one (1) or more other organizations
8 are merged.

9

10 (b) A decentralized unincorporated nonprofit
11 association may merge with any organization that is not
12 expressly prohibited by the law.

13

14 (c) A merger involving a decentralized unincorporated
15 nonprofit association is subject to the following
16 requirements:

17

18 (i) Each of the constituent merging
19 organizations shall comply with its governing law;

20

21 (ii) Each party to the merger shall approve a
22 plan of merger in accordance with its governing principles.

1 The plan shall be in a record and shall include the
2 following provisions:

3

4 (A) The name and form of each organization
5 that is party to the merger;

6

7 (B) The name and form of the surviving
8 organization and, if the surviving organization is to be
9 created by the merger, a statement to that effect;

10

11 (C) The terms and conditions of the merger,
12 including the manner and basis for converting the interests
13 in each constituent organization into any combination of
14 money, interests in the surviving organization or other
15 considerations;

16

17 (D) If the surviving organization is to be
18 created by the merger, the surviving organization's
19 organizational documents that are proposed to be in a
20 record; and

21

22 (E) If the surviving organization is not to
23 be created by the merger, any amendments to be made by the

1 merger to the surviving organization's organizational
2 documents that are, or are proposed to be, in a record.

3

4 (iii) The plan of merger shall be approved by
5 the members of each decentralized unincorporated nonprofit
6 association that is a constituent organization in the
7 merger, subject to W.S. 17-32-120. If a member of a
8 nonprofit association that is party to a merger will have
9 personal liability with respect to an obligation of a
10 constituent or surviving organization, the consent in a
11 record of that member to the plan of merger shall also be
12 obtained;

13

14 (iv) Subject to the contractual rights of third
15 parties, after a plan of merger is approved and at any time
16 before the merger is effective, a constituent organization
17 may amend the plan or abandon the merger as provided in the
18 plan, or except as otherwise prohibited in the plan, with
19 the same consent as was required to approve the plan;

20

21 (v) Following approval of the plan, a merger
22 under this section shall be effective if:

23

1 (A) A constituent organization is required
2 to give notice to or obtain the approval of a governmental
3 agency or officer in order to be a party to a merger, the
4 notice has been given and the approval has been obtained;
5 and

6
7 (B) The surviving organization is a
8 decentralized unincorporated nonprofit association, as
9 specified in the plan of merger and upon compliance by any
10 constituent organization that is not a nonprofit
11 association with any requirements, including any required
12 filings in the office of the secretary of state, of the
13 organization's governing statute; or

14
15 (C) The surviving organization is not a
16 decentralized unincorporated nonprofit association under
17 the state law governing the surviving organization.

18
19 (d) When a merger becomes effective:

20
21 (i) The surviving organization continues or
22 comes into existence;

23

1 (ii) Each constituent organization that merges
2 into the surviving organization ceases to exist as a
3 separate entity;

4

5 (iii) All property owned by each constituent
6 organization that ceases to exist vests in the surviving
7 organization;

8

9 (iv) All debts, obligations or other liabilities
10 of each constituent organization that ceases to exist
11 continue as debts, obligations or other liabilities of the
12 surviving organization;

13

14 (v) An action or proceeding pending by or
15 against any constituent organization that ceases to exist
16 may be continued as if the merger had not occurred;

17

18 (vi) Except as prohibited by other law, all of
19 the rights, privileges, immunities, powers and purposes of
20 each constituent organization that ceases to exist vest in
21 the surviving organization;

22

1 (vii) Except as otherwise provided in the plan
2 of merger, the terms and conditions of the plan of merger
3 take effect;

4
5 (viii) The merger shall not affect the personal
6 liability, if any, of a member, administrator or manager of
7 a constituent association for a debt, liability or
8 obligation of the nonprofit association incurred before the
9 merger is effective; and

10
11 (ix) A surviving organization that is a foreign
12 organization consents to the jurisdiction of the courts of
13 this state to enforce any debt, obligation or other
14 liability owed by a constituent organization, if before the
15 merger the constituent organization was subject to suit in
16 this state on the debt, obligation or other liability. A
17 surviving organization that is a foreign organization and
18 not authorized to transact business in this state appoints
19 the secretary of state as agent for service of process for
20 the purpose of enforcing a debt, obligation or other
21 liability under this subsection.

22

1 (e) Property held for a charitable purpose under the
2 law of this state by a domestic or foreign organization
3 immediately before a merger under this section becomes
4 effective shall not, as a result of the merger, be diverted
5 from the objects for which it was donated, granted or
6 devised, unless, to the extent required by or pursuant to
7 the law of this state concerning nondiversion of charitable
8 assets, the organization obtains an appropriate order of
9 the attorney general or of the district court in a
10 proceeding for which the attorney general has been given
11 notice specifying the disposition of the property.

12

13 (f) A bequest, devise, gift, grant or promise
14 contained in a will or other instrument of donation,
15 subscription or conveyance that is made to a disappearing
16 organization and that takes effect or remains payable after
17 the merger inures to the benefit of the surviving
18 organization. A trust obligation that would govern property
19 if transferred to the disappearing entity applies to
20 property that is instead transferred to the surviving
21 organization under this section.

22

23 **17-32-128. Conversion of entities.**

1

2 A decentralized unincorporated nonprofit association may
3 effect a conversion by complying with the applicable
4 provisions of W.S. 17-26-101 and any applicable provisions
5 of the nonprofit association's governing principles.

6

7 **17-32-129. Supplemental principles of law.**

8

9 Principles of law and equity supplement this act unless
10 displaced by a specific provision of this act.

11

12 **Section 2.** This act is effective July 1, 2024.

13

14

(END)