



March 17, 2023

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

Re: SEA0085/SF0127 - Wyoming Stable Token Act

Dear Secretary Gray,

After my veto of the Stable Token Act last year, Wyoming's Legislature worked throughout the interim to resolve many of my concerns. I applaud the Legislature's efforts and believe this is a better piece of legislation than the bill that was put in front of me last year. Nevertheless, I continue to harbor some reservations about the potential impact this program may have on Wyoming's hard fought reputation as a thoughtful and strong leader in the world of digital assets.

It is clear that digital assets will be an important feature of a rapidly evolving financial ecosystem and that Wyoming's Legislature has made significant contributions to advancing the digital landscape. Innovation does not always wait for the perfect, rather it emerges, is refined, and eventually becomes established. Still, first movers are not always rewarded. They are, however, vital to progress.

I recognize that the success of a Wyoming stable token could be a great achievement in this respect and that it would nurture Wyoming's reputation as a leader in the digital asset world. Much of the public testimony supported the ideal of more straightforward, unregulated monetary transactions that a Wyoming stable token could provide. It is a notion that has been espoused by many digital currencies over the past several decades and was in fact the inspiration for the very first efforts in this arena. I believe this approach to be laudable, although I must acknowledge the irony of implementing a government issued stable coin to further an expressed goal of fostering monetary transactions free from *governmental* regulation.

There remains in the legislature and elsewhere a compelling enthusiasm to see a novel Wyoming stable coin set sail. I fear, though, that less thought was given to the detailed implementation of such a program perhaps than to the imagined prospects of success. First and foremost, there was no overall plan (a "business plan" for lack of a better term) or, if a plan exists, it did not appear to have been used to guide the legislators in crafting the legislation. Even more concerning, is that this legislation does not require such a plan before an expensive director is hired.

The Stable Token Commission should, at a minimum, have a solid plan in mind before proceeding to issue tokens. Recent history should be a guide for what can befall a poorly thought through build-it-and-

they-will-come scheme. Such details though are probably more the province of the Executive branch. In passing this bill, the Legislature offers the Executive branch the opportunity to create a business plan which should provide significant information on how much it would cost to start up this endeavor (the \$500,000 appropriation contained in the bill may not be enough); what criteria and qualifications an executive director should hold; how large and what kind of a staff will be needed; what responsibilities could be performed by staff and how much would need to be contracted; estimated costs; how large the trust account must be to cover such costs; etc.

Additionally, a business plan should provide a sequence and a time schedule for the endeavor, which would account for the drafting of rules, meeting the State's procurement requirements, and for the negotiation of those contracts. Time is also needed for FBI approval for the background checks required for the director and for any subject matter experts that may serve on the Commission. The work may also illuminate gaps in legislation that could be addressed in future legislative sessions.

I continue to have constitutional concerns as discussed in my veto letter last year. Moreover, it remains unclear whether a robust market exists for Wyoming stable coin particularly considering recent developments. Nevertheless, despite these concerns, enough improvements have been made to the legislation that I have decided to allow the Stable Token Act to become law without my signature. The idea is intriguing enough and furthermore has no hope of being resolved without further diligence. Importantly, the instrumentality – done properly – could provide significant revenue to the state particularly with interest rates rising as a result of Federal Reserve policy.

Finally, I am not overly confident that another year of legislative deliberation will result in a clearer path forward; consequently, I commit to working diligently as a member of the commission to achieve the goal of issuing a Wyoming stable token without undue delay but with proper safeguards for Wyoming's reputation and treasure. Furthermore, in the event of unforeseen complication, I am committed to expeditiously determining what more might be needed to be better primed and able to make superior decisions as to how best to proceed to issuance. No doubt, the legislature will benefit from our work in this regard and will be better equipped to make adjustments to this enabling act in the years to come should this endeavor come to fruition unmolested by the federal government.

Sincerely,



Mark Gordon
Governor

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cc: The Honorable Ogden Driskill, President of the Senate
The Honorable Albert Sommers, Speaker of the House
Chief Clerk, Wyoming Senate
Chief Clerk, Wyoming House of Representatives