

MEMORANDUM

To: Crypto Task Force Meeting Log
From: Crypto Task Force Staff
Re: Meeting with Representatives of the Coalition of Cooperative Blockchain Organizations

On April 28, 2025, Crypto Task Force Staff met with representatives from the Coalition of Cooperative Blockchain Organizations.

The topic discussed was approaches to addressing issues related to regulation of crypto assets. Coalition of Cooperative Blockchain Organizations representatives provided the attached documents, which were discussed during the meeting.

Request for Meeting with SEC Crypto Task Force

Non-Fungible Membership Interests

Date of Meeting TBD

- **Attendees**

- Anthony Fiume, Founder of Football Club Group (f/k/a Football Club DAO); Senior Member Retention & Engagement Associate at Consumer Reports
- Zack Guzman, Founder of Trustless Media (Coinage)
- Yev Muchnik, Of Counsel at Jason Weiner P.C.
- Graham Novak, Founder of ConstitutionDAO; CEO of Mezzanine Labs
- James Wigginton, Of Counsel at Orrick, Herrington & Sutcliffe LLP

- **Meeting Agenda**

- Personal Introductions (5 minutes)
- Factual Background (5 minutes): Discussion regarding evolution of DAOs as vehicles to own and manage real-world assets as online communities. We will address applications of DAO ownership models in news media, sports, social media, and other industries.
- Legal Background (5 minutes): Discussion of SEC no-action letters and Supreme Court precedent regarding non-transferable membership interests.
- Rulemaking Proposal (10 minutes): Discussion of key elements of proposed safe harbor for non-transferable membership interests, including criteria such membership interests must meet to qualify for safe harbor treatment, safeguards to protect consumers, and treating qualified DAOs as “accredited investors” under Reg D.
- Questions (5 minutes)

Proposed SEC Rulemaking Non-Fungible Membership Interests

Executive Summary: A growing number of decentralized autonomous organizations use cooperatives or similar legal entities as a wrapper (e.g., Coinage Media, Collab.Land, Opolis, SporkDAO). For decades, the Securities and Exchange Commission has treated non-transferable cooperative memberships and similar interests as non-securities (e.g., Green Bay Packers stock). But SEC regulations do not provide an explicit “safe harbor” for such membership interests, which means DAOs that issue non-fungible, non-transferable membership tokens must *either* obtain an SEC no-action letter with respect to the membership tokens *or* issue membership tokens subject to the risk of SEC enforcement. The SEC rulemaking proposed herein would provide a “safe harbor” for non-transferable memberships that meet certain criteria.

Potential Outcomes: The SEC rulemaking could enable the following outcomes, among others:

- DAOs could issue non-fungible, non-transferable memberships that are not deemed securities.
- DAOs could purchase real-world assets and manage them as a community, similar to what ConstitutionDAO attempted to do with an original copy of the US Constitution.
- DAOs could distribute dividends to their members proportional to each member’s participation in the project or business that the DAO manages.

Key Features of the Proposed Rulemaking

- Securities Act of 1933: Amend regulations under the Securities Act to:
 - Provide a “safe harbor” exempting memberships interests from registration if (1) the membership interests are non-transferable except to the DAO itself; (2) the membership interests provide dividends to each member solely based on the efforts of such member; (3) each purchaser of a membership interest is a verified user or supplier of the products or services provided by (a) the DAO or (b) any company in which the DAO owns equity; and (4) the memberships are issued through an SEC-registered intermediary (e.g., a broker-dealer or online funding portal).
 - Provide that a DAO which (1) issued 100% of its membership interests in compliance with the Securities Act exemption above, and (2) has at least one director who is an “accredited investor,” qualifies as an “accredited investor” under Securities Act Regulation D. This would allow qualified DAOs to purchase and operate real-world businesses on the same footing as traditional investors.
- Securities Exchange Act of 1934: Amend regulations under the Exchange Act to exempt from registration any DAO that issues 100% of its membership interests in compliance with the Securities Act exemption above.
- Investment Company Act of 1940: Amend regulations under the Investment Company Act to exempt from registration as an “investment company” any DAO that issues 100% of its equity in compliance with the Securities Act exemption above.

Further Reading

- [A Legal Framework for Decentralized Autonomous Organizations, Part II: Entity Selection Framework](#), Miles Jennings (a16z) and David Kerr (Decentralization Research Center): Proposing limited cooperative associations as an appropriate vehicle for DAOs that wish to “pool resources and services with the intention of distributing profits based on membership contribution.”
- [Cooperatives: An Ownership Model for Digital Networks](#), Orrick, KPMG, and Upside.Coop: Outlining SEC no-action letters signaling that non-transferable cooperative memberships are not securities.
- [Navigating DAO Legality: Unpacking Legal Frameworks and Proposing Limited Cooperative Associations \(LCAs\)](#), Opolis Digital Employment Cooperative: Discussing the cooperative structure as an appropriate liability shield for DAOs.

Contact Information

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