

Alaska State Legislature
SENATOR CATHY TILTON



SENATE DISTRICT M

SECTIONAL ANALYSIS

CSSB 249 (L&C) – *“An Act relating to virtual currency kiosks; relating to transactions involving virtual currency; and relating to unfair trade or deceptive acts or practices.”*

(34-LS1465\I)

Section 1: Regulation of Virtual Currency Kiosks (AS 06.55) – Page 1, ln. 4 through Page 9, ln. 27

This section creates a new regulatory framework specifically for operators of virtual currency kiosks (commonly known as Bitcoin ATMs).

- **Sec. 06.55.120. Licensing and Registration:** * Mandates that kiosk operators hold a valid money transmission license. (*Page 1, lines 6-13*)
 - Requires prior department approval for every physical kiosk location in the state.
- **Sec. 06.55.125. Reporting: * Quarterly Reports:** Operators must disclose locations, virtual currency addresses used, and the number of transactions declined due to suspicion of illicit activity. (*Page 1, ln. 14 through Page 3, ln. 14*)
 - **Annual Reports:** Operators must report gross revenue, total transaction volume/value, refund statistics, and the number of Suspicious Transaction Reports (STRs) filed under federal law.
- **Sec. 06.55.130. Disclosures:** * Requires clear, conspicuous warnings about fraud risks (e.g., "WARNING: this technology can be used to defraud you"). (*Page 3, ln. 15 through Page 5, ln. 3*)
 - Mandates detailed receipts (paper and electronic) including transaction hashes, exchange rates, and law enforcement contact information.
- **Sec. 06.55.135 – 06.55.140. Fraud Prevention & Blockchain Analytics:** * Requires operators to maintain written anti-fraud and anti-money laundering (AML) policies. (*Page 5, lines 4-25*)
 - Mandates the use of **blockchain analytics and tracing software** to block transactions to fraudulent wallets or inaccessible overseas exchanges.
- **Sec. 05.55.145 Posted Warnings:** This requires kiosk operators to post conspicuous written warnings regarding potentially fraudulent activity. (*Page 5, lines 26-30*)
- **Sec. 06.55.150. User Identification:** * Requires identity verification (KYC) via a government-issued ID for **all** transactions. (*Page 5, ln. 31 through Page 6, ln. 11*)
 - Establishes **strict liability** for operators who allow transactions under false names or identities.

- **Sec. 06.55.155 Training:** Requires kiosk operators to annually provide training to staff and may not prohibit staff from educating kiosk users on fraud and scams. *(Page 6, lines 12-19)*
- **Sec. 06.55.160. Refunds:** * Grants victims of fraud a statutory right to a **full refund** (including fees) if they notify the operator within 90 days and provide a police report. *(Page 6, ln. 60 through Page 7, ln. 6)*
 - Operators must issue refunds within 72 hours of receiving the documentation.
- **Sec. 06.55.165. Communication.** Stipulates that kiosk operators must have written notices in English and Spanish and provide interpretation services as necessary. *(Page 7, lines 7-11)*
- **Sec. 06.55.170 – 06.55.172. Limits on Transactions and Fees:** * **Daily Limit:** **\$500** per user. *(Page 7, lines 12-24)*
 - **30-Day Limit:** **\$5,000** per user.
 - **Fee Cap:** Total transaction charges (including exchange rate spreads) cannot exceed **2%** of the transaction value.
- **Sec. 06.55.175. Customer Service:** * Requires kiosk operators to provide live customer service between the hours of 8:00 am and 10:00 PM AST including a toll-free number. *(Page 7, lines 25-28)*
- **Sec. 06.55.180. Law enforcement access to investigative information.** An operator is required to provide a dedicated line for government agencies and the dedicated line must be regularly monitored. In addition, operators must provide a law enforcement or regulatory agency with trace finding and blockchain analytics. *(Page 7, ln. 29 through Page 8, ln. 7)*
- **Sec. 06.55.185. Penalties:** * Violations are classified as **unfair or deceptive acts** under the Alaska Consumer Protection Act.
 - Operators are subject to civil penalties, seizure of kiosks, and forfeiture of all fees collected during the period of noncompliance.
- **Sec. 06.55.190. Municipal Regulations:** * Allows Alaska municipalities to adopt ordinances stricter than state statute if it is not in conflict with state statute. *(Page 8, lines 17-20)*
- **Sec. 06.55.195. Definitions.** It provides definitions relevant to this chapter. *(Page 8 ln. 21 through Page 9, ln. 27)*
 - Definitions in this section include:
 - Blockchain analytics
 - Blockchain analytics and tracing software
 - Charges
 - User
 - Virtual currency
 - Virtual currency address
 - Virtual currency kiosk
 - Virtual currency kiosk operator
 - Virtual currency kiosk transaction
 - Virtual currency wallet

Section 2: Conforming Amendment (AS 06.55.840) – Page 9, lines 28-30

- Exempts virtual currency kiosk transactions from general money transmission refund rules to ensure the specific, more consumer-friendly refund protections in SB 249 take precedence.

Section 3: Conforming Amendment (AS 06.55.990) – Page 9, ln. 31 through Page 10, ln. 9

- Amends AS 06.55.990(15) to include operating a virtual currency kiosk.