

Alaska State Legislature

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Sponsor Statement: House Bill 324 "An Act relating to virtual currency kiosks"

House Bill 324 addresses a growing gap in our state's financial regulatory framework: the unregulated rise of virtual currency kiosks, commonly known as "Bitcoin ATMs." While Alaska embraces technological innovation, we must ensure that these new financial tools are not weaponized by bad actors to defraud Alaskans, particularly our seniors and those most vulnerable.

In recent years, law enforcement agencies across the country have reported a massive surge in scams involving virtual currency kiosks. Because these machines allow for the near-instantaneous transfer of cash into untraceable digital assets, they have become the preferred vehicle for "grandparent scams," government imposter schemes, and romance fraud. Under current law, these kiosks often operate in a legal "gray area," leaving victims with no recourse and the state with no oversight.

House Bill 324 establishes a comprehensive "Consumer Bill of Rights" for virtual currency transactions:

- **Licensing and Oversight:** Requires all kiosk operators to hold a money transmission license and register each physical location with the Department of Commerce, Community, and Economic Development.
- **Mandatory Fraud Warnings:** Requires clear, bold physical and digital warnings on every machine to alert users that government agencies and legitimate businesses will never ask for payment via a Bitcoin kiosk.
- **Transaction Limits:** Implements sensible daily and monthly limits—\$1,000 per day and \$10,000 per month—to slow down the rapid "draining" of life savings that often occurs during a high-pressure scam.
- **Fee Transparency:** Protects consumers from predatory pricing by capping transaction fees at 3%, ensuring that Alaskans are not losing a massive portion of their principle to hidden exchange rate spreads or exorbitant service charges.
- **Right to Refund:** Establishes a strict liability pathway for refunds in cases of documented fraud, holding operators accountable for verifying the identity of users and maintaining robust anti-money laundering (AML) protocols.
- **Law Enforcement Cooperation:** Mandates the use of blockchain analytics and creates a dedicated communications line for law enforcement to track illicit transfers in real-time.

By passing HB 324, we are sending a clear message: Alaska is open for innovation, but we will not be a safe harbor for exploitation. This bill provides the Department and law enforcement the tools they need to protect Alaskans' hard-earned money while bringing a rapidly growing industry into the light of common-sense regulation.