



January 27, 2026

RE: Recommended Changes to Senate Bill 86

**The Honorable Senator Jesse Kiehl
State Senate
Alaska State Capitol
Juneau, Alaska 99801-1182**

Senator Kiehl and members of the House Finance Committee,

The Alaska Public Interest Research Group (AKPIRG) submits the following comments in support of amending the current language of Senate Bill 86 (SB 86), an act regarding money transmission and virtual currency. AKPIRG is a statewide, nonpartisan 501(c)(3) nonprofit with over 50 years of history advocating for the public interest in Alaska. We work to empower Alaskans, strengthen transparent and accountable government, and advance policies that best serve the public.

AKPIRG commends the bill sponsor for rising to the challenge of modernizing consumer protections through SB 86 in the face of novel threats to Alaskans' financial wellbeing and security. The volatility of virtual currencies and their frequent use in fraudulent activities and scams poses severe financial risk to Alaskans. In 2023, the Federal Bureau of Investigation reported that Alaskans lost \$9,291,972 through cryptocurrency-based fraud¹, while the Alaska Division of Banking & Securities (DBS) reported that Alaskans experienced millions of dollars in frozen assets due to bankruptcies at major cryptocurrency companies². While we support the intentions of this legislation, we maintain reservations about the approach in SB 86 to define virtual currency activities in Alaska statute before such an approach is standardized in other states or in the federal government³.

¹ Federal Bureau of Investigation, *Cryptocurrency Fraud Report 2023*

https://www.ic3.gov/annualreport/reports/2023_ic3cryptocurrencyreport.pdf

² Robert H Schmidt, Alaska Uniform Money Transmission Modernization Act (SB84). March 6, 2023. Presentation in Senate Labor & Commerce Committee.

<https://www.akleg.gov/basis/Meeting/Detail?Meeting=SL%26C%202023-03-06%2013:30:00>

³ Paul Tierno, *Introduction to Cryptocurrency* <https://www.congress.gov/crs-product/IF12405>

The sponsor's stated purpose of SB 86 is to modernize electronic money transmission (EMT) licensing in Alaska and to improve the Alaska Division of Banking & Securities (DBS)'s oversight authority of virtual currency activities conducted by EMT licensees. In support of these objectives, we list the following concerns and suggested remedies:

1. We're concerned that Sec. 06.55.170(a) of CSSB86(FIN) creates the potential for a regulatory gap between state and federal authority over virtual currency activities. Although this section attempts to reduce regulatory redundancy between state and federal authorities, federal jurisdiction over virtual currency activities is still evolving and largely undefined⁴. **We recommend deleting Sec. 06.55.170(a), reaffirming the authority of DBS authority virtual currency activity conducted by EMT licensees in Alaska**, including virtual currency exchange, virtual currency transfer, virtual currency storage, and virtual currency administration as defined under Sec. 61. AS 06.55.990 of CSSB86(FIN).
2. We're concerned that Sec.28. AS 06.55.502(b) of CSSB86(FIN) does not adequately require EMT licensees to insulate non-virtual currency customers from the risks voluntarily taken on by virtual currency customers. **We recommend clarifying that EMT licensees cannot use virtual currency investments as permissible investments according to Sec. 06.55.501 beyond the value of the licensees' current virtual currency activities**. Since Sec. 06.55.501 requires EMT licensees to hold investments equivalent to their outstanding money transmission obligations, this change would ensure that non-virtual currency customers are not exposed to the volatility of virtual currency markets through an EMT licensee unless they voluntarily and directly choose to participate in virtual currency activities within the licensees' business offerings.

Addressing these concerns in CSSB86(FIN) will markedly improve consumer protections for Alaskans. AKPIRG urges amendments to CSSB86(FIN) that maintain Alaskan authority over our state's financial regulatory future and ensure that only Alaskans who choose to participate in virtual currency activities are exposed to the risks associated with this novel financial sector. Thank you for your consideration.

Best regards,



Claire Estelle Lubke
Economic Justice Lead
Alaska Public Interest Research Group

⁴ Ibid