

# Alaska State Legislature

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## Sectional Analysis CSHB 324(JUD) \N “An Act Relating to Virtual Currency Kiosks”

### 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. 06.55.120 Mandatory Hold for First Transaction:** Places a 48-hour hold on the release of cryptocurrency funds for first time users who have not previously engaged with virtual currency kiosks.
- **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: \$1,000 per user. (Page 7, lines 12-24)
  - 30-Day Limit: \$10,000 per user.
  - Fee Cap: Total transaction charges (including exchange rate spreads) cannot exceed 3% 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 stricter ordinances that 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 HB 324 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.