

Alaska State Legislature
SENATOR CATHY TILTON



SENATE DISTRICT M

SECTIONAL ANALYSIS

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

(34-LS1465H)

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. **This version removed the requirement that the refund be issued within 72 hours of receiving 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: \$1500** per user. *(Page 7, lines 12-24)*
 - **30-Day Limit: \$10,500** per user.
 - **Fee Cap:** Total transaction charges (including exchange rate spreads) cannot exceed **10%** 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 – There was a technical amendment to this definition to clarify the distinction between these kiosks and traditional ATMs.**
 - 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.

Section 4: Definition of Fraud (AS 06.55.990) – Page 10, lines. 4 through 12

- Adds a new paragraph to the definition fraud to include “exploitation of another person or another person’s resources for personal profit or advantage if no significant benefit accrues to the person who is expected.”

Section 5: Conforming Amendment (AS 45.50.471(b)) – Page 10, lines. 13 through 14

- Adds virtual currency kiosks to violations of Competitive Practices, Regulation of Competition and Consumer Protection.

Section 5: Effective Date – Page 10, line 15

- The immediate effective date was changed to October 1, 2026 to allow for the Division of Banking and Securities to promulgate regulations to effectuate these new statutory provisions.