



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**DEPARTMENT OF COMMERCE, COMMUNITY, AND  
ECONOMIC DEVELOPMENT  
Division of Banking and Securities**

**Alaska Uniform Money Transmission  
Modernization Act  
HB 408 / SB 238**

**Robert H. Schmidt, Director**

**April 11, 2022**



# Introduction

- **This legislation amends and modernizes the Alaska Uniform Money Services Act (AS 06.55) and adopts pertinent sections of the Uniform Money Transmission Modernization Act (Model Law).**
- In 2008, money transmission was sending a wire transfer at your local grocery store or purchasing a money order or traveler's checks at the bank.
- This bill will modernize Alaska's money transmission laws to include cryptocurrency (aka "virtual currency," Bitcoin, Ethereum, DogeCoin).
  - Alaska does not currently regulate virtual currency.
- Cryptocurrency is one of the top tools of rogue actors (Russian oligarchs, North Korean kleptocrats) to evade sanctions.
  - Twenty eight (28) states currently regulate cryptocurrency.



## What is covered by the 2008 Act?

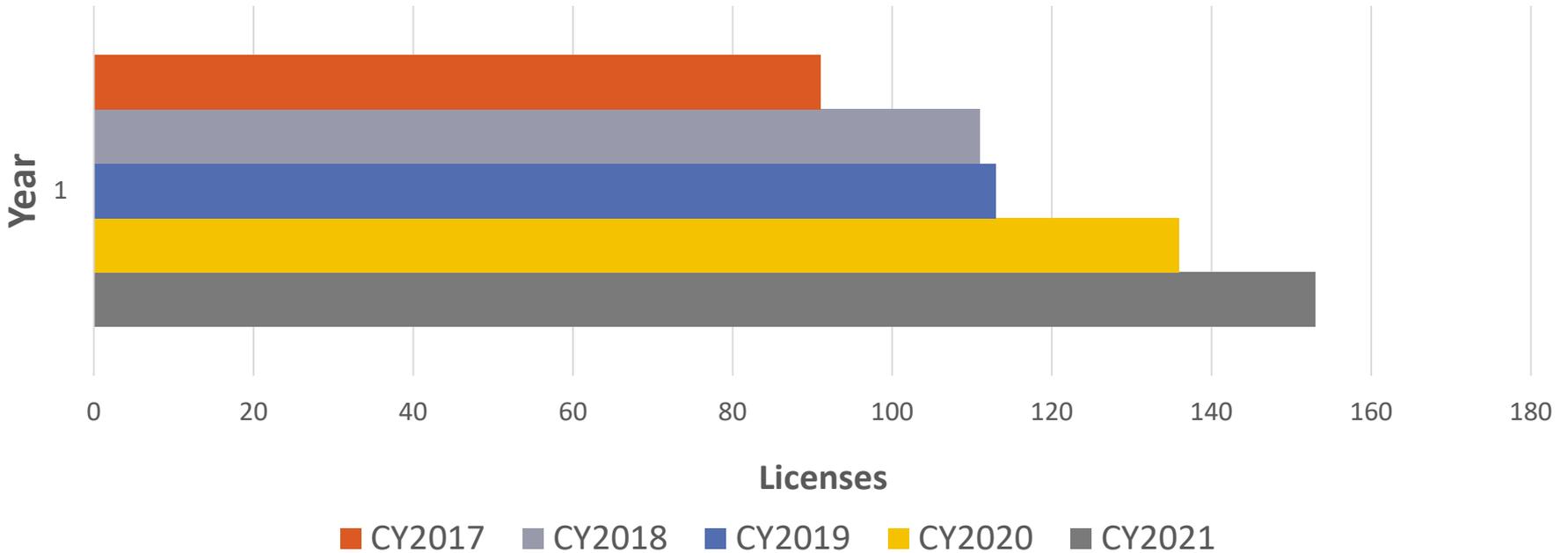
- Money transmitters (wiring of funds)
- Issuers of traveler's checks, money orders, or stored valued cards
- Sellers or redeemers of traveler's checks, money orders, or stored value cards
- Currency dealers or exchangers; to include virtual currency and related products



# Money Transmission Licenses

Money Transmitter/ Currency Exchange Licenses	CY2017	CY2018	CY2019	CY2020	CY2021
	91	111	113	136	153

Money Transmission Licenses

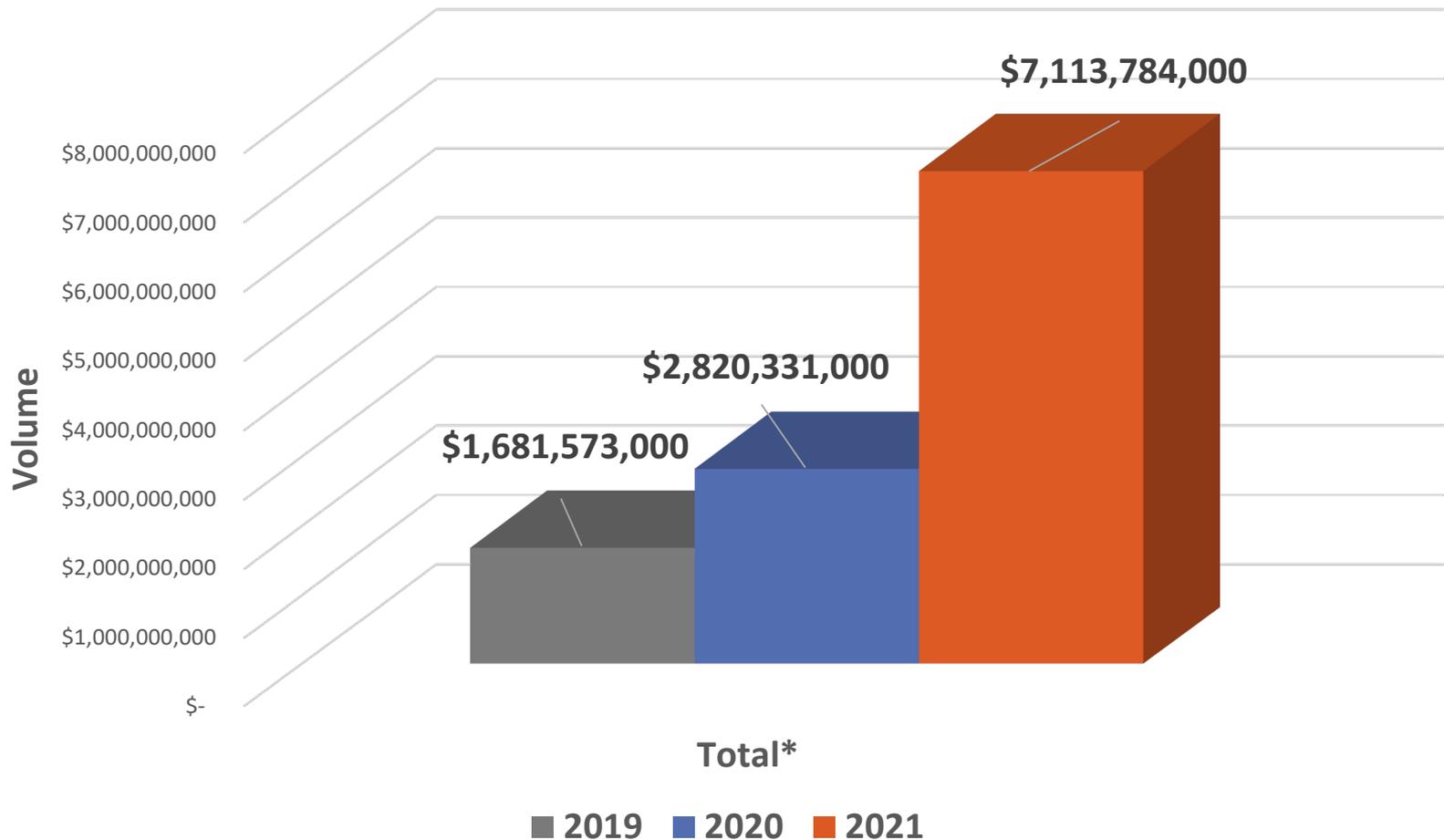




# Money Transmission Volume

## Annual Alaska Money Transmission Volume

\*Total includes money transmission, payment instruments, stored value and virtual currency

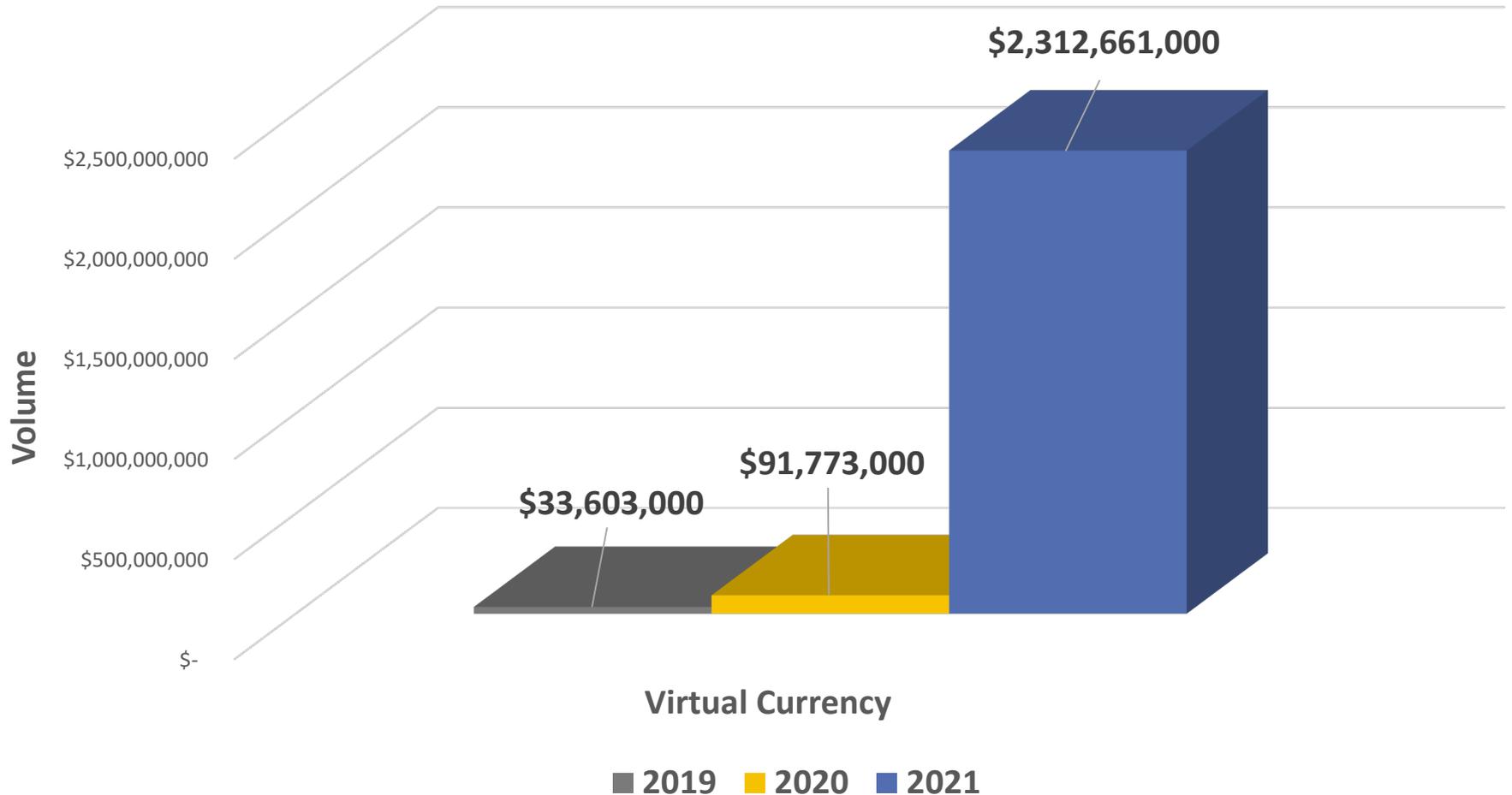




# Money Transmission Volume – Virtual Currency

## Reported Annual Alaska Virtual Currency Transmission Volume

Virtual currency transmission was nearly 1/3 of total volume in Alaska in 2021





## Fiscal Impact and Request for Additional Staff

### **The Division of Banking and Securities (DBS) Receipts vs. Budget**

- Receipts in FY2012 were \$12.8 million. The FY2012 budget was \$3.5 million.
- Receipts in FY2021 were \$19.6 million. The FY2021 budget was \$4 million.
- Over the last 9 years, DBS receipts have grown 53% while the budget has only grown 14%.

DBS is requesting five full-time positions with the passage of this bill: Three in FY2023, one in FY2024, and one in FY2025. The total operating expenditures for DBS including the added personnel are estimated to be \$401.5 in FY2023 increasing to \$617.1 in FY2025.

New program receipt revenue is estimated conservatively at \$110,000 for 35 new license applications. DBS anticipates revenue from assessments set in regulation will cover all costs of supervision of the industry and additional staffing.



## Why Change the Act?

- The current law has not kept up with the industry's explosive growth and innovation.
- Consumer protection is insufficient; cryptocurrency is one of the top risks for consumer fraud.
- Virtual currency is not included in the definition of money transmission.



## What Does HB 408 / SB 238 do?

- Reduces regulatory burden by streamlining initial licensing and license renewal.
- Protects Alaska consumers by conducting criminal background checks through the Nationwide Multistate Licensing System (NMLS).
- Ensures regulatory costs of supervision keep pace with growth.
- Broadens the definition of money transmission.



## HB 408 / SB 238 Protects Consumers.

### **HB 408 / SB 238 protects consumers as it will...**

- Require licensees to comply with federal laws, including suspicious activity reporting.
- Increase the record retention schedule to five years for greater transparency.
- Allow criminal background checks to be run on licensees.
- Update enforcement provisions by allowing a broader spectrum of orders to be issued.
- Ensure DBS can coordinate with other states in all areas of regulation, licensing, and supervision to reduce regulatory burden on the industry and more effectively utilize regulator resources.
- Define crypto/virtual currency money transmission activities and allow regulation of those activities (aka “virtual currency,” Bitcoin, Ethereum, DogeCoin).



## Virtual Currency and Money Transmission

**Definition of virtual currency:** Cryptocurrency or virtual currency means a digital representation of value that is used as a medium of exchange, unit of account, or store of value; and is not money, whether or not denominated in money. AS 06.55.290(5)





## Questions?

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### **Division of Banking and Securities' mission:**

Protect consumers of financial services and promote safe and sound financial systems

### **Supporting DCCED's mission to:**

Promote a healthy economy, strong communities, and protect consumers in Alaska