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Dunmire
5/4/23

CS FOR SENATE BILL NO. 84(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE ~~RULES~~JUDICIARY COMMITTEE ~~BY REQUEST OF THE GOVERNOR~~

~~Introduced: 2/24/23~~

~~Offered:~~

~~Referred: Labor and Commerce, Judiciary, Finance~~

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the business of money transmission; relating to licenses for money
2 transmission~~licenses~~, licensure requirements, and registration through ~~the Nationwide~~
3 ~~Multistate Licensing System and Registry~~a nationwide multistate licensing system;
4 relating to the use of virtual currency for money transmission; relating to authorized
5 delegates of a licensee; relating to acquisition of control of a license; relating to record
6 retention and reporting requirements; authorizing the Department of Commerce,
7 Community, and Economic Development to cooperate with other states in the regulation
8 of money transmission; relating to permissible investments; relating to violations and
9 enforcement of money transmission laws; relating to exemptions to money transmission
10 ~~license exemptions~~licensure requirements; relating to payroll processing services;
11 ~~repealing~~relating to currency exchange licenses; amending Rules 79 and 82, Alaska

1 **Rules of Civil Procedure**; and providing for an effective date."

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** -The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 PURPOSE. The purpose of this Act is to replace existing state money transmission
6 laws to modernize licensure requirements, to add model language for the burgeoning virtual-
7 currency industry, to allow the Department of Commerce, Community, and Economic
8 Development to coordinate with other states in all areas of regulation, licensing, and
9 supervision of money transmission, to standardize the types of activities that are subject to
10 licensing, and to modernize safety and soundness requirements for money transmission.

11 * **Sec. 2.** -AS 06.55.101~~(a)~~ is amended to read:

12 ~~(a)~~ **Sec. 06.55.101. License required.** (a) A person may not engage in the
13 business of money transmission or advertise, solicit, or hold **itself** [THE PERSON] out
14 as providing money transmission unless the person

15 (1) holds a [MONEY TRANSMISSION] license; [OR]

16 (2) is an authorized delegate of a **licensee and is acting within the**
17 **scope of that authority under a written contract with the licensee; or**

18 (3) **is exempt under AS 06.55.802 and does not engage in money**
19 **transmission outside the scope of that exemption** [PERSON WHO HOLDS A
20 MONEY TRANSMISSION LICENSE].

21 ~~(b)~~ **A [MONEY TRANSMISSION] license is not transferable or assignable.**

22 * **Sec. 3.** - AS 06.55.102 is repealed and reenacted to read:

23 **Sec. 06.55.102. Application for license.** (a) An applicant for a license shall
24 submit

25 (1) an application in a form and in a medium prescribed by the
26 department; the application must contain information on the applicant's organization,
27 and operations, financial responsibility, background, competence level, experience,
28 competence, and activities;

29 (2) any other information reasonably required by the department or
30 registry with respect to the applicant;

- (3) ~~an~~the application fee established by the department;
- (4) ~~an initial~~the license fee established by the department; and
- (5) a surety bond or other security as required by AS 06.55.505.

(b) The department may waive a requirement of (a)(1) - (4) of this section or permit an applicant to submit other information in lieu of the required information.

* **Sec. 4.** -AS 06.55.105 is repealed and reenacted to read:

Sec. 06.55.105. Issuance of license. (a) When an application for an initial license under this chapter appears to include all required ~~content~~information and address all matters required by the department, the application is considered complete, and the department shall notify the applicant in a record of the date on which the application was determined to be complete. The department shall approve or deny the application within 120 days after the date the application was determined to be complete. If the application is not approved or denied within 120 days after the completion date,

- (1) the application is approved; and
- (2) the license takes effect ~~as of~~on the first business day after expiration of the 120-day period.

(b) The department may for good cause extend the ~~period for approving or denying an application under (a) of this section~~period.

(c) A determination by the department that an application is complete and ~~the application being~~is accepted for processing means only that the application, on its face, appears to include all required items, including a criminal background check, and address all required matters. The department's determination is not an assessment of the substance of the application or of the sufficiency of the information provided.

(d) When an application is filed and considered to be complete under (~~a~~c) of this section, the department shall investigate the applicant's financial condition, financial responsibility, financial experience, business experience, competence level, character, and general fitness. The department may conduct an on-site investigation of the applicant, ~~the reasonable cost of which~~and the applicant shall pay the reasonable cost of the on-site investigation. The department shall issue a license to an applicant if the department finds that

1 (1) the applicant has complied with AS 06.55.102, 06.55.109, and
2 applicable regulations; and

3 (2) the financial condition, financial responsibility, financial
4 experience, financial business experience, competence level, character, and general
5 fitness of the applicant, and the experience, competence level, character, and general
6 fitness of the key individuals and persons in control of the applicant indicate that it is
7 in the ~~public~~-interest of the public to allow the applicant to engage in money
8 transmission.

9 (e) If an applicant is subject to a multistate licensing process, the department
10 may

11 (1) for the purposes of (d) of this section, accept the investigation
12 results of a ~~lead investigative state for the purposes of (d) of this section~~that is the lead
13 investigator in the multistate licensing process; or

14 (2) investigate the applicant in accordance with (d) of this section and
15 the ~~timeframes~~time frames established by agreement through the multistate licensing
16 process, ~~provided~~if those ~~timeframe~~time frames comply with the application approval
17 period set out in (a) of this section.

18 (f) The department shall issue a formal written notice of a denial of a license
19 application within 30 days ~~of~~after the decision to deny the application. The department
20 shall set out in the notice of denial the specific reasons for the denial. An applicant
21 may appeal a denial ~~to the department~~ within 30 days ~~of receipt of~~after receiving the
22 written notice of the denial and may request a hearing.

23 (g) The initial license term begins on the day the application is approved. The
24 license expires on December 31 of the year in which the license is issued, unless

25 (1) the initial license ~~date~~ is issued between November 1 and
26 December 31, in which ~~instance~~case the initial license term runs through December 31
27 of the following year; or

28 (2) the license is revoked, suspended, surrendered, or its term
29 otherwise adjusted in accordance with regulations adopted by the department.

30 (h) An applicant for a license shall demonstrate that it meets or will meet the
31 requirements of this chapter.

1 * **Sec. 5.**- AS 06.55.106 is repealed and reenacted to read:

2 **Sec. 06.55.106. Renewal of license.** (a) A licensee shall renew ~~its~~a license
3 annually. A licensee shall pay an annual renewal fee by the renewal filing deadline
4 established by the department. The renewal term is for a period of one year and begins
5 on January 1 of each year after the initial license term and expires on December 31 of
6 the year the renewal term begins.

7 (b) A licensee shall submit a renewal report with the renewal fee in a form and
8 in a medium prescribed by the department. The renewal report must describe each
9 material change in information submitted by the licensee in the licensee's initial
10 license application that the licensee has not ~~been~~ reported to the department.

11 (c) The department may for good cause grant an extension of the renewal
12 filing deadline.

13 (d) The department may use the registry to process license renewals if the use
14 is consistent with this section.

15 * **Sec. 6.**- AS 06.55 is amended by adding new sections to article 1 to read:

16 **Sec. 06.55.108. Maintenance of license.** (a) A licensee shall at all times meet
17 the requirements of this chapter.

18 (b) If a licensee does not continue to meet the qualifications or satisfy the
19 requirements that apply to an applicant for a new license, the department may suspend
20 or revoke the licensee's license in accordance with this chapter or other applicable law.

21 **Sec. 06.55.109. Information requirements for certain individuals.** (a) An
22 individual in control of a licensee or applicant, an individual who seeks to acquire
23 control of a licensee, and each key individual shall furnish to the department ~~through~~
24 ~~the registry~~ the following items:

25 (1) the individual's fingerprints ~~for submission;~~ the department shall
26 submit the fingerprints to the ~~Federal Bureau~~Department of ~~Investigation~~Public Safety
27 to obtain a national criminal history record check, ~~unless the individual currently~~
28 ~~resides outside the United States and has resided outside the United States for the last~~
29 ~~10 years~~ under AS 12.62.400; and

30 (2) personal history and experience in a form and in a medium
31 prescribed by the department, including

1 (A) an independent credit report from a consumer reporting
2 agency, unless the individual does not have a social security number;

3 (B) information related to a criminal conviction or pending
4 charges; and

5 (C) information related to any regulatory or administrative
6 action and any civil litigation involving claims of fraud, misrepresentation,
7 conversion, mismanagement of funds, breach of fiduciary duty, or breach of
8 contract.

9 (b) If the individual has resided outside the United States ~~for four or more~~
10 ~~years~~at any time in the 10 years before the date of furnishing the information under (a)
11 of this section, the individual shall also provide an investigative background report
12 prepared by an independent search firm. The independent search firm may not be
13 affiliated with or have an interest in the individual ~~if the firm~~ is researching. At a
14 minimum, the investigative background report must

15 (1) demonstrate that the independent search firm has sufficient
16 knowledge, resources, and employs accepted and reasonable methodologies to conduct
17 the research of the background report;

18 (2) be written in English and contain the following:

19 (A) if available in the individual's current jurisdiction of
20 residency, a comprehensive credit report, or equivalent information obtained or
21 generated by the independent search firm to accomplish a comprehensive
22 credit report, including a search of the court data in the countries, provinces,
23 states, cities, towns, and contiguous areas where the individual has resided and
24 worked;

25 (B) criminal records information for the previous 10 years,
26 including felonies, misdemeanors, or similar convictions for violations of law
27 in the countries, provinces, states, cities, towns, and contiguous areas where
28 the individual has resided and worked;

29 (C) employment history;

30 (D) media history, including an electronic search of national
31 and local publications, wire services, and business applications; and

(E) regulatory history related to financial services, including money transmission, securities, banking, insurance, and mortgage-related industries.

Sec. 06.55.110. Consistent state licensing. (a) To establish consistent licensing between this state and other states, the department may

(1) implement all licensing provisions of this chapter in a manner that is consistent with other states that have adopted multistate licensing processes; and

(2) participate in nationwide protocols for licensing cooperation and coordination among state regulators if the nationwide protocols for licensing cooperation and coordination are consistent with this chapter.

(b) To fulfill the purposes of this chapter, the department may establish relationships or contracts with the registry or other entities designated by the registry to enable the department to

(1) collect and maintain records;

(2) coordinate multistate licensing processes and supervision processes;

(3) process fees; and

(4) facilitate communication between the department and licensees or other persons subject to this chapter.

(c) The department may use the registry for all aspects of licensing in accordance with this chapter, including license applications, applications for acquisitions of control, surety bonds, reporting, criminal background checks, credit checks, fee processing, and examinations.

* **Sec. 7.** -AS 06.55 is amended by adding new sections to read:

Article 1A. Virtual Currency Business Activity.

Sec. 06.55.150. Requirements for engaging in virtual currency business activity. (a) A person may not engage in virtual currency business activity or hold itself out as being able to engage in virtual currency business activity unless the person is

(1) licensed under this chapter; or

(2) exempt from licensing under AS 06.55.802.

1 (b) A person that is licensed to engage in virtual currency business activity is
2 engaged in the business of money transmission and is subject to the requirements of
3 this chapter.

4 **Sec. 06.55.155. Required disclosures.** (a) A licensee that engages in virtual
5 currency business activity shall provide to a person that uses the licensee's products or
6 service the disclosures required by (b) of this section and any additional disclosures
7 the department determines to be reasonably necessary for the protection of persons.
8 The department shall determine by regulation or order the time and form required for
9 disclosure. A disclosure required by this section must be made separately from any
10 other information provided by the licensee and in a clear and conspicuous manner in a
11 record the person may keep. A licensee may propose for the department's approval
12 ~~alternative~~alternate disclosures as more appropriate for its virtual currency business
13 activity.

14 (b) Before establishing a relationship with a person, a licensee shall disclose,
15 to the extent applicable to the virtual currency business activity the licensee will
16 undertake with the person,

17 (1) a schedule of fees and charges the licensee may assess, the manner
18 by which ~~the~~ fees and charges will be calculated if not set in advance and disclosed,
19 and the timing of the fees and charges;

20 (2) whether the product or service provided by the licensee is covered
21 by

22 (A) a form of insurance or is otherwise guaranteed against loss
23 by an agency of the United States

24 (i) up to the dollar equivalent of virtual currency
25 purchased from the licensee or for control of virtual currency by the
26 licensee as of the date of the placement or purchase, including the
27 maximum amount provided by insurance under the Federal Deposit
28 Insurance Corporation or otherwise available from the Securities
29 Investor Protection Corporation; or

30 (ii) if not provided at the dollar equivalent of virtual
31 currency purchased from the licensee or for control of virtual currency

1 by the licensee, the maximum amount of coverage for each person
2 expressed in the dollar equivalent of the virtual currency; or

3 (B) private insurance against theft or loss, including cyber
4 theft;

5 (3) the irrevocability of a virtual currency transfer or virtual currency
6 exchange and any exception to irrevocability;

7 (4) a description of
8 (A) liability for an unauthorized, mistaken, or accidental virtual
9 currency transfer or virtual currency exchange;

10 (B) the person's responsibility to provide notice to the licensee
11 of a virtual currency transfer or virtual currency exchange;

12 (C) the basis for any recovery by the person from the licensee
13 or registrant;

14 (D) general error resolution rights applicable to a virtual
15 currency transfer or virtual currency exchange; and

16 (E) the method for the person to update the person's contact
17 information with the licensee;

18 (5) that the date or time when a virtual currency transfer or virtual
19 currency exchange is made and the person's account is debited may differ from the
20 date or time when the person initiates an instruction to make the transfer or exchange;

21 (6) whether the person has a right to stop a pre-authorized payment or
22 revoke authorization for a virtual currency transfer and the procedure to initiate a stop-
23 payment order or revoke authorization for a ~~subsequent~~later virtual currency transfer;

24 (7) the person's right to receive a receipt, trade ticket, or other evidence
25 of a virtual currency transfer or virtual currency exchange;

26 (8) the person's right to at least 30 days' ~~prior~~ notice of a change in the
27 licensee's fee schedule, other terms and conditions of operating the licensee's virtual-
28 currency business activity with the person, and the policies applicable to the person's
29 account; and

30 (9) that virtual currency is not money, ~~that other persons are not~~
31 ~~required to take payment in virtual currency, that the value of virtual currency can~~

~~change, and that virtual currency may not be backed by a governmental agency.~~

(c) Except as provided in (d) of this section, at the conclusion of a virtual currency transaction with or on behalf of a person, a licensee shall provide the person a confirmation in a record that contains

(1) the name and contact information of the licensee, including information the person may need to ask a question or file a complaint;

(2) the type, value, date, precise time, and amount of the transaction; and

(3) the fee charged for the transaction, including any charge for conversion of virtual currency to money, bank credit, or ~~other~~another virtual currency.

(d) If a licensee discloses that it will provide a daily confirmation in the initial disclosure under (c) of this section, the licensee may elect to provide a single, daily confirmation for all transactions with or on behalf of a person on that day instead of a confirmation for each transaction.

Sec. 06.55.160. Property interests and entitlements to virtual currency. (a)

A licensee that has control of virtual currency for a person shall maintain in the licensee's control an amount of each type of virtual currency sufficient to satisfy the aggregate entitlements of the person to the type of virtual currency.

(b) If a licensee violates (a) of this section, the property interests of the person in the virtual currency are pro rata property interests in the type of virtual currency to which the person is entitled, without regard to the time the person became entitled to the virtual currency or the licensee obtained control of the virtual currency.

(c) The virtual currency referred to in this section is

(1) held for the person entitled to the virtual currency;

(2) not property of the licensee;

(3) not subject to the claims of creditors of the licensee; and

(4) considered a permissible investment under this chapter.

Sec. 06.55.165. Additional requirements and clarifications for virtual currency business activities. (a) A licensee engaged in a virtual currency business activity shall comply with all provisions of this chapter to the extent applicable to the licensee's activities.

1 (b) A licensee engaged in a virtual currency business activity may include
 2 virtual currency in the licensee's calculation of tangible net worth, except virtual
 3 currency controlled by a person entitled to the protections of AS 06.55.160. The
 4 virtual currency is measured by the average value of the virtual currency expressed in
 5 the dollar equivalent over the previous six calendar months.

6 (c) For five years after the date of virtual currency business activity with or on
 7 behalf of a person, a licensee shall maintain a record of

8 (1) each transaction of the licensee with or on behalf of the person or
 9 for the licensee's account in this state, including

10 (A) the identity of the person;

11 (B) the form of the transaction;

12 (C) the amount, date, and payment instructions given by the
 13 person; and

14 (D) the account number, name, and mailing address of the
 15 resident, and, to the extent feasible, other parties to the transaction;

16 (2) the aggregate number of transactions and aggregate value of
 17 transactions by the licensee with or on behalf of the person and for the licensee's
 18 account in this state, expressed in the dollar equivalent of virtual currency for the
 19 previous 12 calendar months;

20 (3) each transaction in which the licensee engaged in a virtual currency
 21 exchange of one form of virtual currency for money or another form of virtual
 22 currency with or on behalf of the person;

23 (4) a general ledger posted at least monthly that lists all assets,
 24 liabilities, capital, income, and expenses of the licensee;

25 (5) each report required to be submitted under AS 06.55.403;

26 (6) bank statements and bank reconciliation records for the licensee
 27 and the name, account number, and mailing address of each bank the licensee uses in
 28 the conduct of its virtual currency business activity with or on behalf of the person;

29 (7) a report of any dispute with the person; and

30 (8) a report of any virtual currency business activity transaction with or
 31 on behalf of the person that the licensee was unable to complete.

1 (d) A licensee shall maintain the records required by (c) of this section in a
2 form that enables the department to determine whether the licensee is in compliance
3 with a court order, this chapter, or other law of this state.

4 **Sec. 06.55.170. Scope of application.** (a) The provisions of AS 06.55.150 -
5 06.55.165 do not apply to a virtual currency exchange, a virtual currency transfer,
6 virtual currency storage, or virtual currency administration to the extent the activity is
7 governed by 15 U.S.C. 1693 - 1693r (Electronic Fund Transfer Act of 1978), 15
8 U.S.C. 78a - 78qq (Securities Exchange Act of 1934), 7 U.S.C. 1 - 27f (Commodity
9 Exchange Act), or AS 45.56.100 - 45.56.995 (Alaska Securities Act).

10 (b) The provisions of AS 06.55.150 - 06.55.165 do not apply to activity by

11 (1) a person that contributes only connectivity software or computing
12 power to a decentralized virtual currency or to a protocol governing virtual currency
13 transfer of the digital representation of value;

14 (2) a person that provides only data storage or security services for a
15 business engaged in virtual currency business activity and does not otherwise engage
16 in virtual currency business activity on behalf of another person;

17 (3) a person that provides only to another person otherwise exempt
18 from this chapter virtual currency as one or more enterprise solutions used solely
19 between each other and has no agreement or relationship with a person that is an end
20 user of virtual currency;

21 (4) a person using virtual currency, including creating, investing,
22 buying, or selling, or obtaining virtual currency as payment for the purchase or sale of
23 goods or services, solely

24 (A) on the person's own behalf;

25 (B) for personal, family, or household purposes; or

26 (C) for academic purposes;

27 (5) a person that ~~engages in~~has virtual currency business activity ~~that~~
28 is with or on behalf of a person reasonably expected to be valued, in the aggregate, on
29 an annual basis at \$5,000 or less, measured by the dollar equivalent of virtual
30 currency;

31 (6) an attorney providing escrow services to a person;

1 (7) a title insurance company providing escrow services to a person;

2 (8) a securities intermediary, as defined in AS 45.08.102, or a
3 commodity intermediary, as defined in AS 45.29.102, that

4 (A) does not engage in the ordinary course of business in
5 virtual currency business activity with or on behalf of a person in addition to
6 maintaining securities accounts or commodities accounts and is regulated as a
7 securities intermediary or commodity intermediary under federal law, the law
8 of this state other than this chapter, or the law of another state; and

9 (B) affords a person protections comparable to those set out in
10 AS 06.55.160;

11 (9) a secured creditor under AS 45.29 or creditor with a judicial lien or
12 lien arising by operation of law on collateral that is virtual currency, if the virtual
13 currency business activity of the creditor is limited to enforcement of the security
14 interest in compliance with AS 45.29 or the law applicable to the lien;

15 (10) a virtual currency control services vendor;~~or~~

16 (11) a person that does not receive compensation from a person for

17 (A) providing virtual currency products or services;

18 (B) conducting virtual currency business activity; or

19 (C) engaging in testing products or services with the person's
20 own funds.

21 (c) The department may determine, based on facts particular to the person or
22 class of persons, that a person or class of persons is exempt from this chapter.

23 * **Sec. 8.** ~~AS 06.55.301~~ is repealed and reenacted to read:

24 **Sec. 06.55.301. Relationship between licensee and authorized delegate.** (a)

25 Before a licensee is authorized to conduct business through an authorized delegate or
26 to allow a person to act as the licensee's authorized delegate, the licensee shall

27 (1) adopt, and update as necessary, written policies and procedures
28 reasonably designed to ensure that the authorized delegate complies with applicable
29 state and federal law;

30 (2) enter into a written contract that complies with (c) of this section;

31 and

1 (3) conduct a reasonable, risk-based background investigation
2 sufficient for the licensee to determine whether the authorized delegate has complied
3 and ~~will~~is likely to comply with applicable state and federal law.

4 (b) An authorized delegate shall operate in compliance with this chapter.

5 (c) The written contract required by (a)(2) of this section must be signed by
6 the licensee and the authorized delegate and, at a minimum, must

7 (1) appoint the person signing the contract as the licensee's authorized
8 delegate with the authority to conduct money transmission on behalf of the licensee;

9 (2) set out the nature and scope of the relationship between the licensee
10 and the authorized delegate and the respective rights and responsibilities of the parties;

11 (3) require the authorized delegate to agree to comply with all
12 applicable state and federal laws, rules, and regulations pertaining to money
13 transmission, including this chapter and regulations implementing this chapter,
14 relevant provisions of the Bank Secrecy Act, and P.L. 107-56 (USA PATRIOT
15 ~~ACT~~Act);

16 (4) require the authorized delegate to remit and handle money and
17 monetary value in accordance with the terms of the contract;

18 (5) establish a trust for the benefit of the licensee on money and
19 monetary value after deducting fees received for money transmission;

20 (6) require the authorized delegate to prepare and maintain records as
21 required by this chapter or regulations implementing this chapter, or as reasonably
22 requested by the department;

23 (7) acknowledge that the authorized delegate consents to examination
24 or investigation by the department;

25 (8) state that the licensee is subject to regulation by the department and
26 that, as part of that regulation, the department may suspend or revoke an authorized
27 delegate designation or require the licensee to terminate an authorized delegate
28 designation; and

29 (9) acknowledge receipt of the written policies and procedures
30 required under (a)(1) of this section.

31 (d) If the licensee's license is suspended, revoked, surrendered, or expired, the

1 licensee shall, within five business days, provide documentation to the department that
 2 the licensee has notified all applicable authorized delegates of the licensee whose
 3 names are in a record filed with the department of the suspension, revocation,
 4 surrender, or expiration of the license. Upon suspension, revocation, surrender, or
 5 expiration of a license, applicable authorized delegates shall immediately stop
 6 providing money transmission as an authorized delegate of the licensee.

7 (e) An authorized delegate of a licensee holds in trust for the benefit of the
 8 licensee all money ~~net of~~ after deducting fees received from money transmission. If an
 9 authorized delegate commingles any funds received from money transmission with
 10 any other funds or property owned or controlled by the authorized delegate, all
 11 commingled funds and other property shall be considered held in trust in favor of the
 12 licensee in an amount equal to the amount of money net of fees received from money
 13 transmission.

14 ~~(f) An authorized delegate may not use a subdelegate to conduct money~~
 15 ~~transmission on behalf of a licensee.~~

16 ~~(g)(f)~~ In this section, "remit" means to make direct payments of money to a
 17 licensee or its representative authorized to receive money or to deposit money in a
 18 bank account specified by the licensee.

19 * **Sec. 9.** -AS 06.55.302 is amended to read:

20 **Sec. 06.55.302. Unauthorized activities.** A person may not engage in the
 21 business of money transmission on behalf of a person that is not licensed or
 22 exempt [ACT AS AN AUTHORIZED DELEGATE FOR, OR OTHERWISE
 23 PROVIDE MONEY SERVICES ON BEHALF OF, A PERSON WHO DOES NOT
 24 HOLD A MONEY SERVICES LICENSE] under this chapter. A person that engages
 25 in the business of money transmission on behalf of a person not licensed or
 26 exempt under this chapter provides money transmission to the same extent as if
 27 the person were a licensee and is jointly and severally liable with the unlicensed
 28 or nonexempt person.

29 * **Sec. 10.** -AS 06.55.401 is repealed and reenacted to read:

30 **Sec. 06.55.401. Supervision; examination; investigation.** (a) The
 31 department may conduct an examination or investigation of a licensee or authorized

1 delegate or otherwise take independent action authorized by this chapter, regulations
2 implementing this chapter, and other applicable law, including the Bank Secrecy Act,
3 15 U.S.C. 1693 - 1693r (Electronic Fund Transfer Act~~of 1978~~), P.L. 106-102
4 (Gramm-Leach-Bliley Act), and P.L. 107-56 (USA PATRIOT ~~ACT~~Act). The
5 department may

6 (1) conduct an on-site or off-site examination as the department
7 reasonably requires;

8 (2) conduct an examination in conjunction with an examination
9 conducted by representatives of other agencies of this state, another state, or the
10 federal government;

11 (3) accept the examination report of another agency of this state,
12 another state, or the federal government, or a report prepared by an independent
13 accounting firm; a report accepted under this paragraph ~~will be~~is considered for all
14 purposes to be an official report of the department; and

15 (4) summon and examine under oath a key individual or employee of a
16 licensee or authorized delegate and require the key individual or employee to produce
17 records regarding any matter related to the condition and business of the licensee or
18 authorized delegate.

19 (b) A licensee or authorized delegate shall provide, and the department shall
20 have complete access to, all records the department reasonably requires to conduct a
21 complete examination. The licensee or authorized delegate shall provide the records at
22 the location and in the format specified by the department. The department may use
23 multistate record production standards and examination procedures when the
24 multistate record production standards and examination procedures will reasonably
25 achieve the requirements of this section.

26 (c) Unless otherwise directed by the department, a licensee shall pay all costs
27 reasonably incurred in connection with an examination of ~~the~~a licensee or ~~the~~a
28 licensee's authorized delegate.

29 (d) Information obtained during an examination under this chapter may be
30 disclosed only as provided in AS 06.55.407.

31 * **Sec. 11.** -AS 06.55.403(a) is repealed and reenacted to read:

1 (a) A licensee shall submit a report of the licensee's financial condition within
 2 45 days after the end of each quarter of the calendar year or within an extended period
 3 that the department ~~prescribes~~establishes. The report of condition must include

- 4 (1) financial information at the licensee's level;
 5 (2) nationwide and state-specific money transmission transaction
 6 information in every jurisdiction in the United States where the licensee is licensed to
 7 engage in money transmission;
 8 (3) a permissible investments report;
 9 (4) transaction destination country reporting for money received for
 10 transmission, if applicable; and
 11 (5) any other information the department reasonably requires with
 12 respect to the licensee.

13 * **Sec. 12.** -AS 06.55.403(b) is repealed and reenacted to read:

14 (b) A licensee shall submit a report of the licensee's authorized delegates
 15 within 45 days after the end of each fiscal quarter~~of the calendar year~~. The report of
 16 authorized delegates must include the following information about each authorized
 17 delegate:

- 18 ~~(1) legal name;~~
 19 (1) if the authorized delegate is an entity, the legal name of the entity;
 20 if the authorized delegate is an individual, the legal name of the individual;
 21 (2) taxpayer employer identification number~~or social security number~~;
 22 (3) principal provider identifier;
 23 (4) physical address;
 24 (5) mailing address;
 25 (6) business conducted in other states, if any;
 26 (7) ~~fictitious~~a trade name, alias, or other trade name, if any name used
 27 by the individual that is not individual's legal name;
 28 (8) contact person name, telephone number, and electronic mail
 29 address;
 30 (9) the date the authorized delegate began acting as the licensee's
 31 authorized delegate;

1 (10) the date the authorized delegate stopped acting as the licensee's
2 authorized delegate, if applicable; and

3 (11) any other information the department reasonably requires with
4 respect to the authorized delegate.

5 * **Sec. 13.** -AS 06.55.403(c) is amended to read:

6 (c) A [MONEY SERVICES] licensee shall file a report with the department
7 within one business day after the [MONEY SERVICES] licensee has reason to know
8 of the occurrence of any of the following events:

9 (1) the filing of a petition by or against the [MONEY SERVICES]
10 licensee under **11 U.S.C. 101 - 112** [11 U.S.C. 101 - 110] (Bankruptcy Code) for
11 bankruptcy or reorganization;

12 (2) the filing of a petition by or against the [MONEY SERVICES]
13 licensee for receivership, the commencement of any other judicial or administrative
14 proceeding for its dissolution or reorganization, or the making of a general assignment
15 for the benefit of its creditors;

16 (3) the commencement of a proceeding to revoke or suspend its
17 [MONEY SERVICES] license in a state or country in which the [MONEY
18 SERVICES] licensee engages in business or is licensed;

19 (4) the cancellation or other impairment of the [MONEY SERVICES]
20 licensee's bond or other security;

21 (5) a charge against or conviction of the [MONEY SERVICES]
22 licensee or of **a key individual** [AN EXECUTIVE OFFICER, MANAGER,
23 DIRECTOR,] or person in control of the [MONEY SERVICES] licensee for a felony;
24 or

25 (6) a charge against or conviction of an authorized delegate for a
26 felony.

27 * **Sec. 14.** - AS 06.55.403 is amended by adding a new subsection to read:

28 (d) The department may use the registry for the submission of reports required
29 by this section.

30 * **Sec. 15.** -AS 06.55.404 is repealed and reenacted to read:

31 **Sec. 06.55.404. Control; acquisition; passive investor.** (a) A person or group

1 of persons acting in concert seeking to acquire control of a licensee shall obtain the
2 written approval of the department before acquiring control. An individual is not
3 ~~deemed~~considered to acquire control of a licensee when ~~that~~the individual becomes a
4 key individual in the ordinary course of business.

5 (b) A person, or group of persons acting in concert, seeking to acquire control
6 of a licensee shall, in cooperation with the licensee,

7 (1) submit an application in a form and in a medium prescribed by the
8 department that includes the information required by AS 06.55.412, as applicable; and

9 (2) submit a nonrefundable fee with the request for approval.

10 (c) The department may permit a licensee or the person, or group of persons
11 acting in concert, to submit some or all information required by the department under
12 (b)(1) of this section without using the registry.

13 (d) When an application for acquisition of control appears to include all
14 required ~~content~~information and to address all matters required by the department, the
15 application is considered complete, and the department shall notify the applicant in a
16 record of the date on which the department determines the application is complete.
17 The department shall approve or deny the application within 120 days after the date
18 the application was determined to be complete. If the application is not approved or
19 denied within 120 days after the completion date,

20 (1) the application is approved; and

21 (2) the person or group of persons acting in concert is not prohibited
22 from acquiring control.

23 (e) The department may for good cause extend the period for approving or
24 denying an application under (d) of this section.

25 (f) A determination by the department that an application is complete and ~~the~~
26 ~~application being~~is accepted for processing means only that the application, on its
27 face, appears to include all required items, including a criminal background check, and
28 address all required matters. The department's determination is not an assessment of
29 the substance of the application or of the sufficiency of the information provided.

30 (g) When an application is filed and considered to be complete under (d) of
31 this section, the department shall investigate the financial condition, financial

1 responsibility, financial experience, business experience, competence level, character,
2 and general fitness of the person or group of persons acting in concert seeking to
3 acquire control. The department shall approve a request for acquisition of control if
4 the department finds that

5 (1) the requirements of (b) of this section have been met, as applicable;
6 and

7 (2) the financial condition, financial responsibility, financial
8 experience, business experience, competence level, character, and general fitness of
9 the person, or group of persons acting in concert, seeking to acquire control, and the
10 experience, competence level, character, and general fitness of the key individuals and
11 persons that would be in control of the licensee after the acquisition of control indicate
12 that it is in the public interest to permit the person, or group of persons acting in
13 concert, to control the licensee.

14 (h) If an applicant for approval to acquire control is subject to a multistate
15 licensing process, the department may

16 (1) accept the investigation results of a lead investigative state for the
17 purposes of (g) of this section; or

18 (2) investigate the applicant in accordance with (g) of this section and
19 the ~~timeframes~~time frames established by agreement through the multistate licensing
20 process, ~~provided those timeframes comply with the application period set out in (d)~~
21 ~~of this section.~~

22 (i) The department shall issue a formal written notice of a denial of an
23 application for approval to acquire control within 30 days after the decision to deny
24 the application. The department shall set out in the notice of denial the specific reasons
25 for the denial. An applicant may appeal a denial within 30 days after receiving the
26 written notice of the denial.

27 (j) The requirements of (a) and (b) of this section do not apply to

28 (1) a person that acts as a proxy for the sole purpose of voting at a
29 designated meeting of the shareholders or holders of voting shares or voting interests
30 of a licensee or a person in control of a licensee;

31 (2) a person that acquires control of a licensee by devise or descent;

1 (3) a person that acquires control of a licensee as a personal
2 representative, custodian, guardian, conservator, or trustee, or as an officer appointed
3 by a court of competent jurisdiction or by operation of law;

4 (4) a person that is exempt under AS 06.55.802(4);

5 (5) a person that the department, by regulation or order, determines to
6 be exempt from the requirements of (a) and (b) of this section because that exemption
7 is in the public interest;

8 (6) a public offering of securities of a licensee or a person in control of
9 a licensee; or

10 (7) an internal reorganization of a person in control of a licensee where
11 the ultimate person in control of the licensee remains the same.

12 (k) A person exempt from the requirements of (a) and (b) of this section, in
13 cooperation with the licensee, shall notify the department within 15 days after the
14 acquisition of control.

15 (l) Before filing an application for approval to acquire control of a licensee, a
16 person may request in writing a determination from the department as to whether the
17 person would be considered a person in control of a licensee upon consummation of a
18 proposed transaction. If the department determines that the person would not be a
19 person in control of a licensee, the proposed person and transaction are not subject to
20 the requirements of (a) and (b) of this section.

21 (m) If a multistate licensing process includes a determination made under (l)
22 of this section and an applicant is subject to the multistate licensing process, the
23 department may

24 (1) accept the control determination of a lead investigative state; or

25 (2) investigate the applicant in accordance with this section and the
26 ~~timeframes~~time frames established by agreement through the multistate licensing
27 process.

28 (n) The requirements of (a) and (b) of this section do not apply to a person that
29 has complied with and received approval to engage in money transmission under this
30 chapter or ~~was~~who has identified as a person in control in a previous application filed
31 with and approved by the department; or by an accredited state in accordance with a

1 multistate licensing process, if

2 (1) in the previous five years, the person has not had a license revoked
3 or suspended or controlled a licensee that has had a license revoked or suspended
4 while the person was in control of the licensee;

5 (2) the person is a licensee, the person is well managed, and has
6 received at least a satisfactory rating for compliance at the person's most recent
7 examination by an accredited state if a rating was given;

8 (3) the licensee to be acquired is projected to meet the requirements of
9 this chapter, including AS 06.55.501, 06.55.505, and 06.55.510, after the acquisition
10 of control is completed, and, if the person acquiring control is a licensee, the licensee
11 is also projected to meet the requirements of this chapter, including AS 06.55.501,
12 06.55.505, and 06.55.510, after the acquisition of control is completed;

13 (4) the licensee to be acquired will not implement any material
14 changes to the licensee's business plan as a result of the acquisition of control, and, if
15 the person acquiring control is a licensee, the licensee also will not implement any
16 material changes to the licensee's business plan as a result of the acquisition of control;
17 and

18 (5) the person provides notice of the acquisition in cooperation with
19 the licensee and attests to (1) - (4) of this subsection in a form and in a medium
20 prescribed by the department.

21 (o) If the notice required under (n)(5) of this section is not disapproved within
22 30 days after the date on which the notice was determined to be complete, the notice is
23 considered to be approved.

24 (p) A person is presumed to exercise a controlling influence when the person
25 holds the power to vote, directly or indirectly, at least ~~25~~10 percent of the outstanding
26 voting shares or voting interests of a licensee or person in control of a licensee. To
27 determine the percentage of a person controlled by any other person, the interest of the
28 person presumed to have a controlling interest shall be aggregated with the interest of
29 any other immediate family member, including the person's spouse, parents, children,
30 siblings, relative by marriage, and any other person who shares the home of the person
31 presumed to have a controlling interest.

1 (q) A passive investor is not considered to have control under this chapter. To
2 be a passive investor, a person

3 (1) may not have the power to elect a majority of key individuals or
4 executive officers, managers, directors, trustees, or other persons exercising
5 managerial authority of a person in control of a licensee;

6 (2) may not be employed by or have managerial duties of the licensee
7 or person in control of a licensee;

8 (3) may not have the power to exercise, directly or indirectly, a
9 controlling influence over the management or policies of a licensee or person in
10 control of a licensee; and

11 (4) shall attest to (1) - (3) of this subsection ~~in~~on a form and in a
12 medium prescribed by the department, or commit to the requirements of (1) - (3) of
13 this subsection in a written ~~affidavit~~document.

14 * **Sec. 16.**- AS 06.55.405(a) is amended to read:

15 (a) A [MONEY SERVICES] licensee shall maintain the following records for
16 determining its compliance with this chapter for at least **five** [THREE] years:

17 (1) a record of each **outstanding money transmission** [PAYMENT
18 INSTRUMENT OR STORED-VALUE] obligation sold;

19 (2) a general ledger posted at least monthly containing all asset,
20 liability, capital, income, and expense accounts;

21 (3) bank statements and bank reconciliation records;

22 (4) records of outstanding **money transmission** [PAYMENT
23 INSTRUMENTS AND STORED-VALUE] obligations;

24 (5) records of each **outstanding money transmission** [PAYMENT
25 INSTRUMENT AND STORED-VALUE] obligation paid within the **five-year**
26 [THREE-YEAR] period;

27 (6) a list of the last known names and addresses of all of the [MONEY
28 SERVICES] licensee's authorized delegates; and

29 (7) any other records the department reasonably requires by regulation.

30 * **Sec. 17.**- AS 06.55.405(d) is amended to read:

31 (d) All records maintained by the [MONEY SERVICES] licensee as required

1 in (a) - (c) of this section are open to inspection by the department under
2 AS 06.55.401.

3 * **Sec. 18.** -AS 06.55.406(a) is amended to read:

4 (a) A [MONEY SERVICES] licensee and an authorized delegate shall file
5 with the **appropriate federal agency** [ATTORNEY GENERAL] all reports required
6 by federal currency reporting, record keeping, and suspicious transaction reporting
7 requirements as set out in **the Bank Secrecy Act** [31 U.S.C. 5311] and other federal
8 and state laws pertaining to money laundering. **The timely filing of a complete and**
9 **accurate report required under this section with the appropriate federal agency**
10 **is considered to be in compliance with the requirements of this section.**

11 * **Sec. 19.** -AS 06.55.407(a) is amended to read:

12 (a) Except as [OTHERWISE] provided in (b) ~~and (f)~~ of this section, all
13 information or reports obtained by the department from an applicant, [A] licensee, or
14 [AN] authorized delegate, **all information contained in or related to an**
15 **examination, investigation, operating report, or condition report prepared by, on**
16 **behalf of, or for the use of the department, and financial statements, balance**
17 **sheets, or authorized delegate information,** are confidential and not subject to
18 disclosure under AS 40.25.100 - 40.25.295 [, INCLUDING

19 (1) ALL INFORMATION CONTAINED IN OR RELATED TO
20 EXAMINATION, INVESTIGATION, OPERATING, OR CONDITION REPORTS
21 PREPARED BY, ON BEHALF OF, OR FOR THE USE OF THE DEPARTMENT;
22 AND

23 (2) FINANCIAL STATEMENTS, BALANCE SHEETS, AND
24 AUTHORIZED DELEGATE INFORMATION].

25 * **Sec. 20.** - AS 06.55.407(b) is amended to read:

26 (b) The department may disclose information that is not otherwise subject to
27 disclosure under (a) of this section to representatives of state or federal agencies who
28 promise in a record that they will maintain the confidentiality of the information or if
29 the department finds that the release is reasonably necessary for the protection of the
30 public and in the interests of justice [, AND THE MONEY SERVICES LICENSEE
31 HAS BEEN GIVEN PREVIOUS NOTICE BY THE DEPARTMENT OF ITS

1 INTENT TO RELEASE THE INFORMATION].

2 * **Sec. 21.**- AS 06.55.407(c) is amended to read:

3 (c) This section does not prohibit the department from disclosing to the public
4 a list of [MONEY SERVICES] licensees or the aggregated financial or transactional
5 data concerning those [MONEY SERVICES] licensees.

6 * **Sec. 22.**- AS 06.55.407(d) is amended to read:

7 (d) A [MONEY SERVICES] licensee or an authorized delegate may not
8 disclose to another person financial information provided to the [MONEY
9 SERVICES] licensee or the authorized delegate by a customer except when, and only
10 to the extent that, the disclosure is

11 (1) authorized in writing by the customer;

12 (2) required by federal, state, or local law;

13 (3) required by an order issued by a court or an administrative agency;

14 or

15 (4) part of the money transmission [SERVICES] transaction ordered
16 by the customer.

17 * **Sec. 23.**- AS 06.55.407 is amended by adding a new subsection to read:

18 (f) Information contained in the records of the department that is not
19 confidential and may, upon request, be made available to the public on the
20 department's Internet website includes

21 (1) the name, business address, telephone number, and unique registry
22 identifier of a licensee;

23 (2) the business address of a licensee's registered agent for service;

24 (3) the name, business address, and telephone number of all authorized
25 delegates;

26 (4) the terms ~~of~~ or a copy of any bond filed by a licensee, if that
27 confidential information, including the prices and fees for the bond, is redacted;

28 (5) copies of any nonconfidential final orders of the department
29 relating to any violation of this chapter or regulations implementing this chapter; and

30 (6) imposition of an administrative fine or penalty under this chapter.

31 * **Sec. 24.** -AS 06.55 is amended by adding new sections to article 4 to read:

1 **Sec. 06.55.408. Audited ~~financials~~financial statements.** (a) A licensee shall,
2 within 90 days after the end of ~~the licensee's fiscal~~each calendar year or within any
3 extended period that the department establishes, file with the department

4 (1) an audited financial statement of the licensee for the ~~licensee's~~
5 ~~fiscal~~calendar year prepared in accordance with generally accepted accounting
6 principles; and

7 (2) ~~any~~ other information the department reasonably requires.

8 (b) The audited financial ~~statement~~statements must be prepared by an
9 independent certified public accountant or independent public accountant who is
10 satisfactory to the department.

11 (c) The audited financial ~~statement~~statements must include a certificate of
12 opinion of the independent certified public accountant or independent public
13 accountant that is satisfactory in form and content to the department. If the certificate
14 ~~of~~or opinion is qualified, the department may order the licensee to take any action that
15 the department finds necessary to enable the independent certified public accountant
16 or independent public accountant to remove the qualification.

17 **Sec. 06.55.409. Implementation.** (a) To carry out the purposes of this chapter,
18 subject to AS 06.55.407, the department may

19 (1) enter into an agreement or relationship with a government official
20 or federal or state regulatory agency or regulatory association to improve efficiency
21 and reduce regulatory burden by standardizing methods or procedures, and sharing
22 resources, records, or related information obtained under this chapter;

23 (2) use, hire, contract, or employ analytical systems, methods, or
24 software to examine or investigate a person subject to this chapter;

25 (3) accept from a state or federal government agency or official
26 licensing, examination, or investigation reports made by the agency or official; and

27 (4) accept an audit report made by an independent certified public
28 accountant or independent public accountant that is satisfactory to the department for
29 an applicant or licensee and incorporate the audit reports into a report of examination
30 or investigation.

31 (b) The department has broad administrative authority to administer, interpret

1 and enforce this chapter, to adopt regulations implementing this chapter, and to
2 recover the cost of administering and enforcing this chapter by imposing and
3 collecting proportionate and equitable fees and costs associated with applications,
4 examinations, investigations, and other actions required to achieve the
5 ~~purpose~~purposes of this chapter.

6 **Sec. 06.55.410. Networked supervision.** (a) The department may participate
7 in multistate supervisory processes established between and among states and
8 coordinated through an organization determined by the department to be a nationally
9 recognized organization ~~acceptable to the department in supervisory processes~~
10 establishment and coordination between and among states for ~~regulation of all~~
11 licensees that hold licenses in this state and other states. As a participant in multistate
12 supervision, subject to AS 06.55.407, the department may

13 (1) cooperate, coordinate, and share information with other state and
14 federal regulators; and

15 (2) enter into written contracts or agreements with other state and
16 federal regulators for the purposes of cooperating, coordinating, and sharing
17 information with ~~those~~ state and federal regulators.

18 (b) Nothing in this section constitutes a waiver of the department's authority to
19 conduct an examination or investigation or otherwise take independent action to
20 enforce compliance with applicable state or federal law.

21 (c) A joint examination or investigation, or acceptance of an examination or
22 investigation report, does not waive an examination assessment provided for in this
23 chapter.

24 **Sec. 06.55.411. Relationship to federal law.** (a) If state money transmission
25 jurisdiction is conditioned on a federal law, any inconsistency between a provision of
26 this chapter and the federal law governing money transmission is governed by the
27 applicable federal law to the extent of the inconsistency.

28 (b) ~~When~~If an inconsistency between this chapter and a federal law that
29 ~~governs to the extent of an inconsistency~~ in accordance with (a) of this section, the
30 department may provide interpretive guidance that

31 (1) identifies the inconsistency; and

1 (2) identifies the appropriate means of compliance with federal law.

2 **Sec. 06.55.412. Notice and information requirements for a change of key**
3 **individual.** (a) A licensee adding or replacing a key individual shall

4 (1) provide notice in a manner prescribed by the department within 15
5 days after the effective date of the key individual's appointment; and

6 (2) provide the information required under AS 06.55.109 within 45
7 days after the effective date of the key individual's appointment.

8 (b) The department may issue a notice of disapproval of a key individual if the
9 department finds that the ~~individual's~~ experience, competence level, character, or
10 integrity ~~indicate that it~~ of the individual would not be in the best interest of the public
11 or the customers of the licensee to permit the individual to be a key individual. The
12 department shall issue a notice of disapproval within 90 days after ~~determining the~~
13 department determines the notice provided under (a) of this section ~~is to be~~ complete.

14 (c) A notice of disapproval shall contain a statement of the basis for the
15 disapproval and be sent to the licensee and the disapproved individual. A licensee may
16 appeal a notice of disapproval within 30 days after receipt of the notice.

17 (d) If the notice provided under (a) of this section is not disapproved within 90
18 days after the date the notice was determined to be complete, the key individual is
19 considered to be approved.

20 (e) If a multistate licensing process includes a key individual notice review
21 and disapproval process, and the licensee is subject to the multistate licensing process,
22 the department may

23 (1) accept the key individual notice review determination of another
24 state; or

25 (2) investigate the applicant in accordance with (b) of this section and
26 the ~~timeframes~~ time frames established by agreement through the multistate licensing
27 process.

28 * **Sec. 25.-** AS 06.55.501 is amended to read:

29 **Sec. 06.55.501. Maintenance of permissible investments.** (a) A [MONEY
30 SERVICES] licensee shall maintain at all times permissible investments that have a
31 market value computed under generally accepted accounting principles of not less than

1 the aggregate amount of all of its outstanding **money transmission** [PAYMENT
2 INSTRUMENTS AND STORED VALUE] obligations [ISSUED OR SOLD IN ALL
3 STATES AND MONEY TRANSMITTED FROM ALL STATES BY THE MONEY
4 SERVICES LICENSEE].

5 (b) **Except for permissible investments listed in AS 06.55.502, the** [THE]
6 department, with respect to any **licensee** [MONEY SERVICES LICENSEES], may **by**
7 **regulation or order** limit the extent to which a **specific** [TYPE OF] investment
8 **maintained by a licensee** within a class of permissible investments may be
9 considered a permissible investment [, EXCEPT FOR MONEY AND
10 CERTIFICATES OF DEPOSIT ISSUED BY A BANK. THE DEPARTMENT BY
11 REGULATION MAY PRESCRIBE OR BY ORDER ALLOW OTHER TYPES OF
12 INVESTMENTS THAT THE DEPARTMENT DETERMINES TO HAVE A
13 SAFETY SUBSTANTIALLY EQUIVALENT TO OTHER PERMISSIBLE
14 INVESTMENTS].

15 (c) Permissible investments, even if commingled with other assets of the
16 [MONEY SERVICES] licensee, are held in trust for the benefit of the purchasers and
17 holders of the [MONEY SERVICES] licensee's outstanding **money transmission**
18 [PAYMENT INSTRUMENTS AND STORED VALUE] obligations in the event of
19 **the licensee's insolvency, bankruptcy, [OR] receivership, commencement of other**
20 **judicial or administrative proceedings for ~~the licensee's~~ dissolution or**
21 **reorganization, or in the event of an action by a creditor against the**
22 **licensee who is not a beneficiary of the statutory trust. A permissible**
23 **investment impressed with a trust in accordance with this subsection is not**
24 **subject to attachment, levy of execution, or sequestration by a court, unless the**
25 **attachment, levy of execution, or sequestration is for a beneficiary of the**
26 **statutory trust** [OF THE MONEY SERVICES LICENSEE].

27 * **Sec. 26.-** AS 06.55.501 is amended by adding new subsections to read:

28 (d) Upon the establishment of a statutory trust under (c) of this section, or
29 when funds are drawn on a letter of credit under AS 06.55.502(a)(4) ~~or 06.55.503,~~ **and**
30 **(d).** the department shall notify the applicable regulator of each state in which the
31 licensee is licensed to engage in money transmission, if any, of the establishment of

1 the trust or the funds drawn on the letter of credit, as applicable. Notice may be
 2 provided in accordance with a multistate agreement or through the registry. Funds
 3 drawn on a letter of credit and any other permissible investments held in trust for the
 4 benefit of the purchasers and holders of the licensee's outstanding money transmission
 5 obligations are considered to be held in trust for the benefit of the purchasers and
 6 holders of the licensee's outstanding money transmission obligations on a pro rata and
 7 equitable basis in accordance with state law and the law of other states, as applicable.
 8 A statutory trust established under this section shall be terminated upon
 9 extinguishment of all of the licensee's outstanding money transmission obligations.

10 (e) The department may by regulation or order allow other types of
 11 investments that the department determines are of sufficient liquidity and quality to be
 12 a permissible investment. The department may participate in efforts with other state
 13 regulators to identify permissible investments.

14 * **Sec. 27.**- AS 06.55.502(a) is amended to read:

15 (a) Except to the extent otherwise limited by the department under
 16 AS 06.55.501, or as modified by a regulation of the department, the following
 17 investments are permissible under AS 06.55.501:

18 (1) cash, demand deposits, savings deposits, funds in accounts held
 19 for the benefit of a licensee's customers in a federally insured depository financial
 20 institution, money market mutual funds, certificates [A CERTIFICATE] of
 21 deposit, [OR A] senior debt obligations [OBLIGATION] of a federally [AN] insured
 22 depository financial institution, and cash equivalents, including automated
 23 clearing house items in transit to the licensee and automated clearing house items
 24 or international wires in transit to a payee, cash in transit by armored car, cash
 25 in smart safes, cash in licensee-owned locations, and transmission receivables
 26 owed by a bank and funded by a ~~debit card or credit card~~ ~~or debit card~~;

27 (2) [; IN THIS PARAGRAPH, "INSURED DEPOSITORY
 28 INSTITUTION" HAS THE MEANING GIVEN IN 12 U.S.C. 1813 (FEDERAL
 29 DEPOSIT INSURANCE ACT)];

30 (2) ~~[BANKER'S ACCEPTANCE OR BILL OF EXCHANGE THAT~~
 31 IS ELIGIBLE FOR PURCHASE ON ENDORSEMENT BY A MEMBER BANK OF

1 THE FEDERAL RESERVE SYSTEM AND IS ELIGIBLE FOR PURCHASE BY A
2 FEDERAL RESERVE BANK;

3 (3)] an investment bearing a rating of one of the three highest grades as
4 defined by a nationally recognized organization that rates securities;

5 **(3)** [(4) AN INVESTMENT SECURITY THAT IS] an obligation of
6 the United States or a **commission** [DEPARTMENT], agency, or instrumentality of
7 the United States, [AN INVESTMENT IN] an obligation that is guaranteed fully as to
8 principal and interest by the United States, or [AN INVESTMENT IN] an obligation
9 of a state or a governmental subdivision, agency, or instrumentality of a state;

10 **(4) the full drawable amount of that can be drawn on an**
11 **irrevocable standby letter of credit that complies with AS 06.55.503; (d) of this**
12 **section;**

13 **(5) 100 percent of the surety bond provided for under**
14 **AS 06.55.505 that exceeds the average daily money transmission liability in this**
15 **state**

16 [(5) RECEIVABLES THAT ARE PAYABLE TO A MONEY
17 SERVICES LICENSEE FROM ITS AUTHORIZED DELEGATES, IN THE
18 ORDINARY COURSE OF BUSINESS, UNDER CONTRACTS THAT ARE NOT
19 PAST DUE OR DOUBTFUL OF COLLECTION IF THE AGGREGATE AMOUNT
20 OF RECEIVABLES UNDER THIS PARAGRAPH DOES NOT EXCEED 20
21 PERCENT OF THE TOTAL PERMISSIBLE INVESTMENTS OF A MONEY
22 SERVICES LICENSEE AND THE MONEY SERVICES LICENSEE DOES NOT
23 HOLD AT ONE TIME RECEIVABLES UNDER THIS PARAGRAPH IN ANY
24 ONE PERSON AGGREGATING MORE THAN 10 PERCENT OF THE MONEY
25 SERVICES LICENSEE'S TOTAL PERMISSIBLE INVESTMENTS; AND

26 (6) A SHARE OR A CERTIFICATE ISSUED BY AN OPEN-END
27 MANAGEMENT INVESTMENT COMPANY THAT IS REGISTERED WITH THE
28 UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER 15
29 U.S.C. 80A-1 - 80A-64 (INVESTMENT COMPANY ACT OF 1940), AND WHOSE
30 PORTFOLIO IS RESTRICTED BY THE MANAGEMENT COMPANY'S
31 INVESTMENT POLICY TO INVESTMENTS SPECIFIED IN (1) - (4) OF THIS

1 SUBSECTION].

2 * **Sec. 28.** -AS 06.55.502(b) is repealed and reenacted to read:

3 (b) ~~Unless modified by the department by regulation~~In addition to the
4 investments permissible under (a) of this section, the following investments are
5 permissible under (a) of this section, to the extent specified:

6 (1) receivables that are payable to a licensee from ~~the licensee's~~the licensee's
7 authorized delegates in the ordinary course of business that are less than seven days
8 old and do not exceed 50 percent of the aggregate value of the licensee's total
9 permissible investments; receivables under this paragraph that are payable to a
10 licensee from a single authorized delegate in the ordinary course of business may not
11 exceed 10 percent of the aggregate value of the licensee's total permissible
12 investments;

13 (2) the following investments, not to exceed 20 percent for each
14 category and a combined total of 50 percent of the aggregate value of the licensee's
15 total permissible investments:

16 (A) a short-term investment of not more than six months'
17 duration bearing an eligible rating;

18 (B) commercial paper bearing an eligible rating;

19 (C) a bill, note, bond, or debenture bearing an eligible rating;

20 (D) United States tri-party repurchase agreements collateralized
21 at 100 percent or more by federal government or agency securities, municipal
22 bonds, or other securities bearing an eligible rating;

23 (E) money market mutual funds rated by ~~an eligible~~a rating
24 service selected by the department as appropriate for this purpose at a rate
25 determined by the department; and

26 (F) a mutual fund or other investment fund composed solely
27 and exclusively of one or more permissible investments listed in (a)(1) - (3) of
28 this section; and

29 (3) cash held in accounts for the benefit of the licensee's customers at
30 foreign depository financial institutions, not to exceed 10 percent of the aggregate
31 value of the licensee's total permissible investments, if the licensee has received a

satisfactory rating in the licensee's most recent examination and the foreign depository financial institution

(A) has an eligible rating;

(B) is registered under 26 U.S.C. 1471—1474 (Foreign Account Tax Compliance Act);

(C) is not located in any country subject to sanctions from the United States Department of the Treasury; Office of Foreign ~~Asset~~Assets Control; and

(D) is not located in a high-risk or non-cooperative jurisdiction as designated by the Financial Action Task Force.

* **Sec. 29.** -AS 06.55 is amended by adding new sections to article 5 to read:

Sec. 06.55.503. Letter of ~~credit~~Credit. (a) ~~A~~The letter of credit permitted under AS 06.55.502(a)(4)

(1) must list the department as the beneficiary;

(2) must stipulate that the beneficiary is only required to draw a sight draft under the letter of credit and present it to obtain funds up to the letter of credit amount within seven days after presenting the items required by (7) of this subsection;

(3) must be issued by

~~(A)~~ a federally insured depository financial institution;

~~(B)~~ or a foreign bank that ~~is authorized under federal law to maintain a federal agency or federal branch office in a state; or~~

~~(C)~~ a foreign bank that

~~(i) is authorized under state law to maintain a branch in a state;~~

~~(ii) bears an eligible rating or whose parent company bears an eligible rating; and~~

~~(iii)~~ is regulated, supervised, and examined by federal or state regulatory authorities having regulatory authority over banks, credit unions, and trust companies;

(4) must be irrevocable, unconditional, and indicate that the letter of credit is not subject to any condition or qualifications outside of the letter of credit;

1 (5) may not contain reference to any other agreements, documents, or
2 entities, or otherwise provide for any security interest in the licensee;

3 (6) must contain an issue date and expiration date, and expressly
4 provide for automatic extension, without a written amendment, for an additional
5 period of one year from the present or each future expiration date, unless the issuer of
6 the letter of credit notifies the department in writing by certified or registered mail,
7 courier mail, or ~~by~~ other means of notice that provides a receipt, at least 60 days
8 before an expiration date, that the irrevocable letter of credit will not be extended; and

9 (7) must provide that the issuer of the letter of credit will honor, at
10 sight, a presentation made by the beneficiary to the issuer of the following documents
11 on or before the expiration date of the letter of credit:

12 (A) the original letter of credit, including any amendments; and

13 (B) a written statement from the beneficiary stating whether
14 one or more of the following events have occurred:

15 (i) the filing of a petition by or against the licensee
16 under 11 U.S.C. Section 101 - 112 (Bankruptcy Code), for bankruptcy
17 or reorganization;

18 (ii) the filing of a petition by or against the licensee for
19 receivership, or the commencement of any other judicial or
20 administrative proceeding for the licensee's dissolution or
21 reorganization;

22 (iii) the seizure of assets of a licensee by the department
23 under an emergency order issued ~~by the department, or by the~~
24 ~~applicable regulator of each state in which the licensee is licensed to~~
25 ~~engage in money transmission~~; in accordance with applicable law, on
26 the basis of an action, violation, or condition that has caused or is likely
27 to cause the insolvency of the licensee; or

28 (iv) the beneficiary received notice of expiration or non-
29 extension of a letter of credit and the licensee failed to demonstrate to
30 the satisfaction of the beneficiary that the licensee will maintain
31 permissible investments in accordance with AS 06.55.501 or this

1 section upon the expiration or non-extension of the letter of credit.

2 (b) In the event of any notice of expiration or non-extension of a letter of
3 credit issued under (a) of this section, the licensee shall be required to demonstrate to
4 the satisfaction of the department, 15 days ~~prior to~~before expiration, that the licensee
5 maintains and will maintain permissible investments in accordance with AS 06.55.501
6 upon expiration of the letter of credit. If the licensee is not able to do so, the
7 department may draw on the letter of credit in an amount up to the amount necessary
8 to meet the licensee's requirements to maintain permissible investments in accordance
9 with AS 06.55.501. ~~Any such~~A draw ~~shall~~must be offset against the licensee's
10 outstanding money transmission obligations. The drawn funds ~~shall~~must be held in
11 trust by the department or the department's designated agent, to the extent authorized
12 by law, as agent for the benefit of the purchasers and holders of the licensee's
13 outstanding money transmission obligations.

14 (c) The department may designate an agent to serve on the department's behalf
15 as beneficiary to a letter of credit ~~so long as~~if the agent and letter of credit meet the
16 requirements established by the department. The department's agent may serve as
17 agent for multiple licensing authorities for a single irrevocable letter of credit if the
18 proceeds of the drawable amount for the purposes of AS 06.55.502(a)(4) are assigned
19 to the department.

20 (d) The department may participate in multistate processes designed to
21 facilitate the issuance and administration of letters of credit, including services
22 provided by the registry.

23 **Sec. 06.55.505. Security.** (a) An applicant for a license shall provide, and a
24 licensee at all times shall maintain, security consisting of a surety bond in a form
25 satisfactory to the department or, with the department's approval, a deposit in
26 accordance with this section.

27 (b) The department shall determine the amount of the required security ~~shall~~
28 ~~be determined by the department~~ by regulation or order. The amount of the required
29 security ~~shall~~must be proportional to the licensee's average daily money transmission
30 liability in this state up to a maximum of \$1,000,000.

31 (c) A licensee that maintains a bond in the maximum amount provided for

1 under (b) of this section is not required to calculate its average daily money
2 transmission liability in this state for purposes of this section.

3 (d) A licensee may exceed the maximum required bond amount.

4 (e) The aggregate liability on a surety bond may not exceed the principal sum
5 of the bond. A claimant against a licensee may maintain an action on the bond, or the
6 department may maintain an action on behalf of the claimant.

7 (f) A surety bond must cover claims for as long as the department specifies,
8 but at least for the five years after the date the licensee stops providing money
9 transmission in this state. The department may permit the amount of security to be
10 reduced or eliminated before the expiration of that time to the extent the amount of the
11 licensee's outstanding money transmission obligations in this state is reduced. The
12 department may permit a licensee to substitute another form of security acceptable to
13 the department for the security effective at the time the licensee stops providing
14 money transmission in this state.

15 (g) An applicant for a license or a licensee shall obtain at the surety bond
16 required under this section from a surety company authorized to do business in this
17 state.

18 **Sec. ~~AS-06.55.510~~. Net worth.** (a) A licensee shall maintain at all times a
19 tangible net worth of

20 (1) the greater of \$35,000 or three percent of total assets for the first
21 \$100,000,000;

22 (2) two percent of additional assets for \$100,000,001 to
23 \$1,000,000,000; and

24 (3) 0.5 percent of additional assets for over \$1,000,000,001.

25 (b) Tangible net worth must be demonstrated at initial application by the
26 applicant's most recent audited or unaudited financial statements.

27 (c) The department may exempt any an applicant or licensee, in whole part or
28 in part whole, from the requirements of this section.

29 * **Sec. 30.-** AS 06.55.601 is amended to read:

30 **Sec. 06.55.601. Suspension and revocation; receivership.** (a) The
31 department may suspend or revoke a [MONEY SERVICES] license, place a

1 [MONEY SERVICES] licensee in receivership, or order a [MONEY SERVICES]
2 licensee to revoke the designation of an authorized delegate if

3 (1) the [MONEY SERVICES] licensee violates this chapter or a
4 regulation adopted or an order issued under this chapter;

5 (2) the [MONEY SERVICES] licensee does not cooperate with an
6 examination or investigation by the department;

7 (3) the [MONEY SERVICES] licensee engages in fraud, intentional
8 misrepresentation, or gross negligence;

9 (4) an authorized delegate is convicted of a violation of a state or
10 federal anti-money laundering statute, or violates a regulation adopted or an order
11 issued under this chapter, as a result of the [MONEY SERVICES] licensee's wilful
12 misconduct or wilful blindness;

13 (5) the competence level, experience, character, or general fitness of
14 the [MONEY SERVICES] licensee, authorized delegate, person in control of a
15 [MONEY SERVICES] licensee, key individual, or responsible person of the
16 [MONEY SERVICES] licensee or authorized delegate indicates that it is not in the
17 public interest to permit the person to provide money transmission [SERVICES];

18 (6) the [MONEY SERVICES] licensee engages in an unsafe or
19 unsound practice;

20 (7) the [MONEY SERVICES] licensee is insolvent, suspends payment
21 of its obligations, or makes a general assignment for the benefit of its creditors; or

22 (8) the [MONEY SERVICES] licensee does not remove an authorized
23 delegate after the department issues and serves on [UPON] the [MONEY SERVICES]
24 licensee a final order that includes [INCLUDING] a finding that the authorized
25 delegate has violated this chapter.

26 (b) In determining whether a [MONEY SERVICES] licensee is engaging in
27 an unsafe or unsound practice, the department may consider the size and condition of
28 the [MONEY SERVICES] licensee's money transmission, the magnitude of the loss,
29 the gravity of the violation of this chapter, and the previous conduct of the person
30 involved.

31 * **Sec. 31.**- AS 06.55.601 is amended by adding a new subsection to read:

1 (c) A licensee may apply for relief from a suspension or revocation of ~~its~~the
2 licensee's license according to procedures prescribed by the department.

3 * **Sec. 32.**- AS 06.55.602 is amended to read:

4 **Sec. 06.55.602. Suspension and revocation of authorized delegates.** (a) The
5 department may issue an order suspending or revoking the designation of an
6 authorized delegate if the department finds that

7 (1) the authorized delegate violated this chapter or a regulation adopted
8 or an order issued under this chapter;

9 (2) the authorized delegate did not cooperate with an examination or
10 investigation by the department;

11 (3) the authorized delegate engaged in fraud, intentional
12 misrepresentation, or gross negligence;

13 (4) the authorized delegate is convicted of a violation of a state or
14 federal anti-money laundering statute;

15 (5) the competence level, experience, character, or general fitness of
16 the authorized delegate or a person in control of the authorized delegate indicates that
17 it is not in the public interest to permit the authorized delegate to provide money
18 transmission [SERVICES]; or

19 (6) the authorized delegate is engaging in an unsafe or unsound
20 practice.

21 (b) In determining whether an authorized delegate is engaging in an unsafe or
22 unsound practice, the department may consider the size and condition of the
23 authorized delegate's provision of money transmission [SERVICES], the magnitude
24 of the loss, the gravity of the violation of this chapter or a regulation adopted or order
25 issued under this chapter, and the previous conduct of the authorized delegate.

26 * **Sec. 33.**- AS 06.55.602 is amended by adding a new subsection to read:

27 (c) An authorized delegate may apply for relief from a suspension or
28 revocation of designation as an authorized delegate according to procedures prescribed
29 by the department.

30 * **Sec. 34.** -AS 06.55.603(a) is amended to read:

31 (a) If the department determines that a violation of this chapter or of a

1 regulation adopted or an order issued under this chapter by a [MONEY SERVICES]
2 licensee or authorized delegate is likely to cause immediate and irreparable harm to
3 the [MONEY SERVICES] licensee, its customers, or the public as a result of the
4 violation, or cause insolvency or significant dissipation of assets of the [MONEY
5 SERVICES] licensee, the department may issue an order requiring the [MONEY
6 SERVICES] licensee or authorized delegate to cease and desist from the violation.
7 The order becomes effective on service of it on the [MONEY SERVICES] licensee or
8 authorized delegate.

9 * **Sec. 35.**- AS 06.55.603(b) is amended to read:

10 (b) The department may issue an order against a [MONEY SERVICES]
11 licensee to cease and desist from providing money **transmission** [SERVICES]
12 through an authorized delegate who is the subject of a separate order by the
13 department.

14 * **Sec. 36.**- AS 06.55.603(d) is amended to read:

15 (d) A [MONEY SERVICES] licensee or an authorized delegate who is served
16 with an order to cease and desist may petition the superior court for a judicial order
17 setting aside, limiting, or suspending the enforcement, operation, or effectiveness of
18 the order pending the completion of an administrative proceeding under AS 06.55.601
19 or 06.55.602.

20 * **Sec. 37.**- AS 06.55.605 is amended to read:

21 **Sec. 06.55.605. Civil penalties.** The department may assess a civil penalty
22 against a person **that** [WHO] violates this chapter or a regulation adopted or an order
23 issued under this chapter in an amount not to exceed \$1,000 **a** [EACH] day for each
24 day the violation is outstanding, **plus the department's costs and expenses for the**
25 **investigation and prosecution of the matter, including reasonable attorney fees.**

26 * **Sec. 38.**- AS 06.55.606(b) is amended to read:

27 (b) A person who knowingly engages in an activity for which a [MONEY
28 SERVICES] license is required under this chapter without being ~~LICENSED~~ licensed
29 [AS] a [A MONEY SERVICES] licensee LICENSEE and who receives more than
30 \$500 in compensation within a 30-day period from this activity is guilty of a class C
31 felony.

1 * **Sec. 39.**- AS 06.55.606(c) is amended to read:

2 (c) A person who knowingly engages in an activity for which a [MONEY
3 SERVICES] license is required under this chapter without being ~~licensed~~
4 ~~[LICENSED AS A]~~ a [MONEY SERVICES ~~LICENSEE~~] licensee and who receives
5 **not** [NO] more than \$500 in compensation within a 30-day period from this activity is
6 guilty of a class A misdemeanor.

7 * **Sec. 40.**- AS 06.55.607(a) is amended to read:

8 (a) If the department has reason to believe that a person has violated or is
9 violating AS 06.55.101 [OR 06.55.201], the department may issue an order to show
10 cause why an order to cease and desist should not issue requiring that the person cease
11 and desist from the violation of AS 06.55.101 [OR 06.55.201].

12 * **Sec. 41.**- AS 06.55.607(e) is amended to read:

13 (e) A person **that** [WHO] is served with an order to cease and desist for
14 violating AS 06.55.101 [OR 06.55.201] may petition the superior court for a judicial
15 order setting aside, limiting, or suspending the enforcement, operation, or
16 effectiveness of the order pending the completion of an administrative proceeding
17 under AS 06.55.701 and 06.55.702.

18 * **Sec. 42.**- AS 06.55.702(a) is amended to read:

19 (a) Except as otherwise provided in AS 06.55.603 and 06.55.607 [AND IN (b)
20 OF THIS SECTION], the department may not suspend or revoke a [MONEY
21 SERVICES] license, place a [MONEY SERVICES] licensee in receivership, issue an
22 order to cease and desist, suspend or revoke the designation of an authorized delegate,
23 or assess a civil penalty without notice and an opportunity to be heard. The department
24 shall also hold a hearing when requested to hold a hearing by an applicant whose
25 application for a [MONEY SERVICES] license is denied.

26 * **Sec. 43.**- AS 06.55.802 is amended to read:

27 **Sec. 06.55.802. Exemptions [EXCLUSIONS].** This chapter does not apply to

28 (1) the United States or a department, [AN] agency, [OR AN]
29 instrumentality, **or agent** of the United States;

30 (2) money transmission by the United States Postal Service or by **an**
31 **agent** [A CONTRACTOR ON BEHALF] of the United States Postal Service;

1 (3) a state, a municipality, a county, or another governmental agency
2 or governmental subdivision of a state, **or its agent**;

3 (4) a **federally insured depository financial institution**, a bank, a
4 bank holding company, an office of an international banking corporation, a branch of a
5 foreign bank, a corporation organized under 12 U.S.C. 1861 - 1867 (Bank Service
6 Company Act), or a corporation organized under 12 U.S.C. 611 - 633 (Edge Act)
7 under the laws of a state or the United States, if it does not issue, sell, or provide
8 payment instruments or stored value through an authorized delegate who is not a bank,
9 a bank holding company, an office of an international banking corporation, a branch of
10 a foreign bank, a corporation organized under 12 U.S.C. 1861 - 1867 (Bank Service
11 Company Act), or a corporation organized under 12 U.S.C. 611 - 633 (Edge Act)
12 under the laws of a state or the United States; ~~an institution regulated by the Farm
13 Credit Association; or a subsidiary or affiliate of a financial institution, if the
14 subsidiary or affiliate is owned and controlled by a depository institution and
15 regulated by a federal banking agency; in this paragraph, "federal banking
16 agency" means the Board of Governors of the Federal Reserve System, the
17 Comptroller of the Currency, the director of the Office of Thrift Supervision, the
18 National Credit Union Administration, and the Federal Deposit Insurance
19 Corporation;~~

20 (5) electronic funds transfer of governmental benefits for a federal,
21 state, or municipal agency or a state political subdivision by a contractor on behalf of

22 (A) the United States or a department, an agency, or an
23 instrumentality of the United States; or

24 (B) a state, or a department, an agency, or an instrumentality of
25 a state;

26 (6) a board of trade or a person **that** [WHO], in the ordinary course of
27 business, provides clearance and settlement services for a board of trade, to the extent
28 of the operation of the person for a board of trade; in this paragraph, "board of trade"
29 means a board of trade designated as a contract market under 7 U.S.C. 1 - 27f
30 (Commodity Exchange Act);

31 (7) a registered futures commission merchant under the federal

1 commodities laws, to the extent of the merchant's operation as a registered futures
2 commission merchant under the federal commodities laws;

3 (8) a person **that** [WHO] provides clearance or settlement services
4 under a registration as a clearing agency or an exemption from the registration granted
5 under the federal securities laws, to the extent of the person's operation as a provider
6 of clearance or settlement services under a registration as a clearing agency or an
7 exemption from the registration granted under the federal securities laws;

8 (9) an operator of a payment system to the extent that the operator
9 provides processing, clearing, or settlement services, between or among persons
10 **exempted** [EXCLUDED] by this section, in connection with wire transfers, credit
11 card transactions, debit card transactions, stored-value transactions, automated
12 clearinghouse transfers, or similar funds transfers; [OR]

13 (10) a person registered as a securities broker-dealer under federal or
14 state securities laws, to the extent of the person's operation as a securities broker-
15 dealer;

16 **(11) an individual employed by a licensee, ~~an~~ authorized delegate,**
17 **or a person exempt from the licensing requirements of this chapter when the**
18 **individual is acting within the scope of employment and under the supervision of**
19 **the licensee, authorized delegate, or exempt person ~~as an employee~~ and not as an**
20 **independent contractor;**

21 **(12) a person expressly appointed as a third-party service provider**
22 **to or agent of an entity exempt under (4) of this section, solely to the extent that**

23 **(A) the service provider or agent is engaging in money**
24 **transmission on behalf of and in accordance with a written agreement**
25 **with the exempt entity that sets out the specific functions that the service**
26 **provider or agent is to perform; and**

27 **(B) the exempt entity assumes all risk of loss and all legal**
28 **responsibility for satisfying the outstanding money transmission**
29 **obligations owed to purchasers and holders of the outstanding money**
30 **transmission obligations upon receipt of the purchaser's or holder's**
31 **money or monetary value by the service provider or agent;**

1 **(13) a person appointed as an agent of a payee to collect and**
2 **process a payment from a payor to the payee for goods or services, other than**
3 **money transmission services, provided to the payor by the payee, if**

4 **(A) the payee and the agent have a written agreement**
5 **directing the agent to collect and process payments from payors on the**
6 **payee's behalf;**

7 **(B) the payee holds the agent out to the public as accepting**
8 **payments for goods or services on the payee's behalf; and**

9 **(C) payment for the goods and services is treated as**
10 **received by the payee upon receipt by the agent, and the payor's**
11 **obligation is extinguished, and there is no risk of loss to the payor if the**
12 **agent fails to remit the funds to the payee;**

13 **(14) a person that acts as an intermediary by processing payments**
14 **between an entity that has directly incurred an outstanding money transmission**
15 **obligation to a sender and the sender's designated recipient, if the ~~entity~~ **person****
16 **acting as an intermediary**

17 **(A) is a licensee or exempt from the licensing requirements**
18 **of ~~under~~ this chapter;**

19 **(B) provides a receipt, electronic record, or other written**
20 **confirmation to the sender identifying the entity as the provider of money**
21 **transmission in the transaction; and**

22 **(C) bears sole responsibility to satisfy the outstanding**
23 **money transmission obligation to the sender, including the obligation to**
24 **~~make the sender whole in connection with any~~ **remedy** a failure to transmit**
25 **the funds to the sender's designated recipient;**

26 **(15) an entity that is an insurance company, title insurance**
27 **company, or escrow agent, to the extent that the entity is lawfully authorized to**
28 **conduct business in this state as an insurance company, title insurance company,**
29 **or escrow agent and to the extent that the entity engages in money transmission**
30 **as an ancillary service when conducting insurance, title insurance, or escrow**
31 **activity;**

(16) an attorney, to the extent that the attorney is lawfully authorized to practice law in this state and engages in money transmission as an ancillary service to the practice of law; or

(17) a person exempt by regulation or order of the department if the department finds that the exemption is in the public interest and that the regulation of the person is not necessary for the purposes of this chapter; ~~or~~

(18) a person providing payroll processing services; in this paragraph,

(A) "payroll processing services" means receiving money for transmission under a contract with a person to deliver wages or salaries, make payment of payroll taxes to state and federal agencies, make payments relating to employee benefit plans, or make distributions of other authorized deductions from wages or salaries;

(B) "receiving money for transmission" means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means [UNDER FEDERAL OR STATE SECURITIES LAWS].

* Sec. 44.- AS 06.55 is amended by adding a new section to read:

Sec. 06.55.803. Authority to require demonstration of exemption. The department may require a person ~~who~~that claims to be exempt from licensing under AS 06.55.802 to provide information and documentation to the department demonstrating the claimed exemption.

* Sec. 45. -AS 06.55.810 is amended to read:

Sec. 06.55.810. Notices required. (a) A [MONEY SERVICES] licensee shall provide customers with notice of how to file a complaint. A licensee shall provide notice [DISPLAY A SIGN] at each location where the [MONEY SERVICES] licensee

(1) provides money transmission [SERVICES] under this chapter; and

(2) has not designated an authorized delegate to provide money transmission [SERVICES] on behalf of the [MONEY SERVICES] licensee at the

1 location.

2 (b) An authorized delegate shall **provide customers with notice of how to**
3 **file a complaint. An authorized delegate shall provide notice** [DISPLAY A SIGN]
4 at each location where the authorized delegate provides money **transmission**
5 [SERVICES] under this chapter.

6 (c) The **notice** [SIGN] required by (a) or (b) of this section **must be in a**
7 **format and contain information required by the department** [SHALL BE
8 DISPLAYED AT ALL TIMES IN FULL VIEW OF PERSONS VISITING THE
9 LOCATION AND SHALL GIVE THE DEPARTMENT'S ADDRESS AND THE
10 DEPARTMENT'S TELEPHONE NUMBER FOR RECEIVING CALLS
11 REGARDING COMPLAINTS AND OTHER CONCERNS ABOUT MONEY
12 SERVICES LICENSEES, AUTHORIZED DELEGATES, AND THE MONEY
13 SERVICES PROVIDED BY MONEY SERVICES LICENSEES AND
14 AUTHORIZED DELEGATES].

15 * **Sec. 46.**- AS 06.55.810 is amended by adding a new subsection to read:

16 (d) A licensee or authorized delegate shall include on a receipt or disclose on
17 the licensee's Internet website or mobile application the name and telephone number
18 of the department and a statement that the licensee's customers can contact the
19 department with questions or complaints about the licensee's money transmission. In
20 this subsection, "mobile application" means a software application developed
21 specifically for use on small, wireless computing devices.

22 * **Sec. 47.** -AS 06.55 is amended by adding a new section to read:

23 **Sec. 06.55.815. In-state determination.** For a transaction requested
24 electronically or by telephone, the ~~licensee or authorized delegate~~**provider of money**
25 **transmission** may determine if the person requesting the transaction is in this state by
26 relying on other information provided by the person regarding the location of the
27 person's residential address or principal place of business or other physical address,
28 and any records associated with the person that the ~~licensee or authorized~~
29 ~~delegate~~**provider of money transmission** may have that indicate the location, including
30 an address associated with an account.

31 * **Sec. 48.** -AS 06.55.830 is repealed and reenacted to read:

1 **Sec. 06.55.830. Receipt.** (a) Except as provided in (ed) of this section, a
2 licensee or a licensee's authorized delegate shall provide the sender a receipt for
3 money received for transmission. The receipt must be in English and in any other
4 language principally used by the licensee or authorized delegate to advertise, solicit, or
5 negotiate, either orally or in writing, for athe transaction conducted. The receipt must
6 contain the following information, as applicable:

- 7 (1) the name of the sender;
- 8 (2) the name of the designated recipient;
- 9 (3) the date of the transaction;
- 10 (4) the unique transaction or identification number;
- 11 (5) the name of the licensee, unique registry identifier, the licensee's
12 business address, and the licensee's customer service telephone number;
- 13 (6) the dollar amount of the transaction;
- 14 (7) any fee charged by the licensee to the sender for the transaction;
- 15 (8) any taxes collected by the licensee from the sender for the
16 transaction; and
- 17 (9) the exchange rate, if any, used by the provider for the transaction.

18 (b) For a transaction conducted in person, the receipt may be provided
19 electronically if the sender requests or agrees to receive an electronic receipt. For a
20 transaction conducted electronically or by telephone, a receipt may be provided
21 electronically. All electronic receipts must be provided in a retainable form.

22 (c) This section does not apply to

- 23 (1) money received for transmission subject to 12 C.F.R. Part 1005,
24 Subpart B;
- 25 ~~(2) money received for transmission~~ that is not primarily for personal,
26 family, or household purposes; or
- 27 ~~(3)~~ money received for transmission in accordance with a written
28 agreement between the licensee and payee to process payments for goods or services
29 provided by the payee;
- 30 ~~(4) an individual consumer transferring funds to reload stored value to~~
31 the consumer's account through a point of sale transaction; or

1 ~~(5) stored value transactions exempted by the department by regulation~~
2 ~~or order.~~

3 (d) In this section, "receipt" means a paper receipt, electronic record, or other
4 written confirmation.

5 * **Sec. 49.** -AS 06.55 is amended by adding a new section to read:

6 **Sec. 06.55.835. Timely transmission.** (a) A licensee shall forward all money
7 received for transmission in accordance with the terms of the agreement between the
8 licensee and the sender unless the licensee has a reasonable ~~belief~~cause to believe that
9 the sender may be a victim of fraud or that a crime or violation of law, rule, or
10 regulation has occurred, is occurring, or may occur.

11 (b) If a licensee fails to forward money received for transmission in
12 accordance with this section, the licensee must respond to inquiries by the sender with
13 the reason for the failure unless providing a response would violate a state or federal
14 law, rule, or regulation.

15 * **Sec. 50.** -AS 06.55.840 is repealed and reenacted to read:

16 **Sec. 06.55.840. Refunds.** (a) Except as provided in (b) of this section, a
17 licensee shall refund to the sender, within 10 days after receipt of the sender's written
18 request for a refund, all money received for transmission unless

19 (1) the money has been forwarded within 10 days after the date on
20 which the money was received for transmission;

21 (2) within 10 days after the date on which the money was received for
22 transmission, instructions have been given committing an equivalent amount of money
23 to the person designated by the sender;

24 (3) the agreement between the licensee and the sender instructs the
25 licensee to forward the money at a time that is beyond 10 days after the date on which
26 the money was received for transmission; if money has not yet been forwarded in
27 accordance with the terms of the agreement between the licensee and the sender, the
28 licensee shall issue a refund in accordance with this section;

29 (4) the refund is requested for a transaction that the licensee has not
30 completed based on a reasonable belief that a crime or violation of law, rule, or
31 regulation has occurred, is occurring, or may occur; or

1 (5) the refund request does not

2 (A) identify the sender's name and

3 (i) address; or

4 (ii) telephone number; or

5 (B) identify the particular transaction to be refunded in the
6 event the sender has multiple transactions outstanding.

7 (b) This section does not apply to:

8 (1) money received for transmission subject to 12 C.F.R. Part 1005,
9 Subpart B; or

10 (2) money received for transmission in accordance with a written
11 agreement between the licensee and payee to process payments for goods or services
12 provided by the payee.

13 * **Sec. 51.** -AS 06.55.850(b) is amended to read:

14 (b) The department shall establish fee levels under (a) of this section so that
15 the ~~[TOTAL AMOUNT OF]~~total amount of fees collected for [BOTH MONEY
16 TRANSMISSION] licenses ~~are sufficient to cover the cost of administration of~~
17 ~~[AND CURRENCY EXCHANGE LICENSES UNDER]~~under this chapter. The fees
18 may include

19 ~~(1) an annual renewal fee consistent with (f) of this section;~~

20 ~~(2) a late fee for the late payment of a fee established by the~~
21 ~~department;~~

22 ~~(3) an hourly investigation fee to cover the~~approximately equals the
23 department's actual total regulatory costs ~~of an investigation of the books and~~
24 ~~records of a licensee or other person subject to this chapter;~~

25 ~~(4) a nonrefundable application fee to cover the costs of processing~~
26 ~~license applications;~~

27 ~~(5) an initial license fee to cover the period from the day the~~
28 ~~application is approved to the end of the calendar year in which the license is~~
29 ~~initially granted; and~~

30 ~~(6) a transaction fee to cover the administrative cost associated with~~
31 ~~processing changes in control, changes of address, and other administrative~~

~~changes [APPROXIMATELY EQUALS THE DEPARTMENT'S ACTUAL TOTAL REGULATORY COSTS FOR~~ for ~~[BOTH MONEY TRANSMISSION LICENSES]~~ licenses ~~[AND CURRENCY EXCHANGE LICENSES. THE DEPARTMENT SHALL SET THE FEE LEVELS SO THAT THE FEE LEVELS FOR BOTH MONEY TRANSMISSION LICENSES AND CURRENCY EXCHANGE LICENSES ARE THE SAME].~~

* ~~Sec. 52.~~ ~~AS 06.55.850(e) is amended to read:~~

~~(e) The department shall annually review each fee level to determine whether the fees collected [REGULATORY COSTS] are sufficient to cover the cost of administration of this chapter [APPROXIMATELY EQUAL TO FEE COLLECTIONS]. If the review indicates that fee collections [AND REGULATORY COSTS] are not sufficient to cover the cost of administration of this chapter [APPROXIMATELY EQUAL], the department shall calculate fee adjustments and adopt regulations under (a) of this section to implement the adjustments.~~

* ~~Sec. 53.~~ ~~AS 06.55.850 is amended by adding a new subsection to read:~~

~~(f) An annual renewal fee must be based on a licensee's total volume of money transmission in this state, calculated in dollars or dollar equivalents. An annual renewal fee shall be determined by the department by regulation or order.~~

* ~~Sec. 54.~~ ~~AS 06.55.990(1) is amended to read:~~

(1) "authorized delegate" means a person that [WHOM] a [MONEY SERVICES] licensee designates to engage in [PROVIDE] money transmission [SERVICES] on behalf of the [MONEY SERVICES] licensee;

* ~~Sec. 55-53.~~ ~~AS 06.55.990(3) is amended to read:~~

(3) "control" means

(A) ~~[THE OWNERSHIP OF, OR]~~ the ownership of, or the power to vote, directly or indirectly, at least 10 [25] percent of the [A CLASS OF] outstanding voting shares [SECURITIES] securities or voting interests of a [MONEY SERVICES] licensee or of a person that owns or has the power to vote, directly or indirectly, at least 2510 percent of the voting securities or voting interests [IN CONTROL] of a [MONEY SERVICES] licensee, unless the person with the power to vote is a passive investor as described;

1 **in this paragraph, "passive investor" under AS 06.55.404(q);**

2 (B) the power to elect **or appoint** a majority of ~~key~~
3 ~~individuals,~~ executive officers, managers, directors, trustees, or other persons
4 exercising managerial authority of a [MONEY SERVICES] licensee or person
5 in control of a [MONEY SERVICES] licensee; or

6 (C) the power to exercise, directly or indirectly, a controlling
7 influence over the management or policies of a [MONEY SERVICES]
8 licensee or person in control of a [MONEY SERVICES] licensee;

9 * **Sec. 56-54.** AS 06.55.990(15) is amended to read:

10 (15) "money transmission"

11 **(A)** means

12 **(i)** selling or issuing payment instruments or stored
13 value **to a person located in this state;**

14 **(ii)** [, OR] receiving money or monetary value for
15 transmission ~~from a person located in this~~ **to the state, from the**
16 **state, or within the state;**

17 **(iii) engaging in virtual currency exchange; or**

18 **(iv) engaging in virtual currency business activity;**

19 **(B)** [, BUT] does not **mean** [INCLUDE] the provision solely of
20 [DELIVERY,] online services, telecommunications services, or network
21 access;

22 * **Sec. 57-55.** AS 06.55.990(19) is amended to read:

23 (19) "payment instrument" means a **written or electronic** check, [A]
24 draft, [A] money order, [A] traveler's check, or **other written or electronic**
25 [ANOTHER] instrument for the transmission or payment of money or monetary value,
26 whether or not negotiable, but does not **mean stored value,** [INCLUDE] a credit card
27 voucher, a letter of credit, [OR] an instrument that is redeemable by the issuer in
28 goods or services, **or other instrument not sold to the public but issued and**
29 **distributed as part of a loyalty, rewards, or promotional program;**

30 * **Sec. 58-56.** AS 06.55.990(20) is amended to read:

31 (20) "person" means an individual, **general partnership, limited**

1 **partnership**, [A] corporation, [A BUSINESS] trust, [AN ESTATE, A TRUST, A
 2 PARTNERSHIP, A] limited liability company, [AN] association, [A] joint **stock**
 3 **corporation** [VENTURE, A GOVERNMENT, A GOVERNMENTAL
 4 SUBDIVISION, AN AGENCY, OR AN INSTRUMENTALITY, A PUBLIC
 5 CORPORATION], or any other legal or **corporate** [COMMERCIAL] entity
 6 **identified by the department**;

7 * **Sec. 59-57**. AS 06.55.990(22) is amended to read:

8 (22) "state" means a state of the United States, the District of
 9 Columbia, Puerto Rico, the United States Virgin Islands, **a United States military**
 10 **installation that is located in a foreign country**, or a territory or insular possession
 11 subject to the jurisdiction of the United States;

12 * **Sec. 60-58**. AS 06.55.990(23) is amended to read:

13 (23) "stored value"

14 (A) means

15 (i) monetary value **representing a claim against the**
 16 **issuer** that is evidenced by an electronic **or digital** record **and that is**
 17 **intended and accepted as a means of redemption for money or**
 18 **monetary value, or payment for goods or services;**~~or~~

19 (ii) **prepaid access as defined in 31 C.F.R. 1010.100;**

20 (B) **does not mean a payment instrument, or a closed-loop**
 21 **stored value, or ~~monetary~~ a stored value not sold to the public but issued**
 22 **and distributed as part of a loyalty, rewards, or promotional program;**

23 * **Sec. 61-59**. AS 06.55.990(24) is amended to read:

24 (24) "unsafe or unsound practice" means a practice or conduct by a
 25 [MONEY TRANSMISSION] licensee or an authorized delegate **that** [OF THE
 26 MONEY TRANSMISSION LICENSEE IF THE PRACTICE] creates the likelihood
 27 of material loss, insolvency, or dissipation of the [MONEY TRANSMISSION]
 28 licensee's assets, or otherwise materially prejudices the interests of the [MONEY
 29 TRANSMISSION] licensee's customers.

30 * **Sec. 62-60**. AS 06.55.990 is amended by adding new paragraphs to read:

31 (25) "accredited state" means a state agency that is accredited by **the**

1 ~~Conference of State Bank Supervisors and Money Transmitter Regulators~~
2 ~~Association~~ an organization that the department determines is a nationally recognized
3 association of state bank supervisors and money transmitter regulators for money
4 transmission licensing and supervision;

5 (26) "acting in concert" means persons knowingly acting together with
6 a common goal of jointly acquiring control of a licensee whether or not under an
7 express agreement;

8 (27) "average daily money transmission liability" means the amount of
9 the licensee's outstanding money transmission obligations in this state at the end of
10 each day in a given period, added together and divided by the total number of days in
11 the given period; in this paragraph, "given period" means a calendar year quarter
12 ending March 31, June 30, September 30, or December 31;

13 (28) "Bank Secrecy Act" means 31 U.S.C. 5311 - 5336 and its
14 implementing regulations;

15 (29) "closed-loop stored value" means stored value that is redeemable
16 by the issuer only for goods or services provided by the issuer or its affiliate, or
17 franchisees of the issuer or its affiliate, except to the extent required by applicable law
18 to be redeemable in cash for its cash value;

19 (30) "control of virtual currency," when used in reference to a
20 transaction or relationship involving virtual currency, means the power to execute
21 unilaterally or prevent indefinitely a virtual currency transaction;

22 (31) "dollar equivalent" means the equivalent value of a particular
23 virtual currency in United States dollars shown on a virtual currency exchange based
24 in the United States for a particular date or period specified in this chapter; in this
25 paragraph, "virtual currency exchange" means an organization that provides a market
26 for the exchange of virtual currency;

27 (32) "eligible rating" means a short-term or long-term credit rating
28 determined by the department that is based on any of the three highest rating
29 categories provided by an eligible rating service;

30 (33) "eligible rating service" means a nationally recognized statistical
31 rating organization, as determined by the United States Securities and Exchange

Commission, and any other nationally recognized statistical rating organization designated by the department by regulation;

(34) "federally insured depository financial institution" means a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company organized under the laws of the United States or any state ~~of the United States~~ that has federally insured deposits;

(35) "in this state" means at a physical location within this state for a transaction requested in person;

(36) "individual" means a natural person;

(37) "key individual" means an individual ultimately responsible for establishing or directing policies and procedures of the licensee, including an executive officer, manager, director, or trustee;

(38) "license" means a license issued under AS 06.55.105;

(39) "licensee" means a person licensed under AS 06.55.105;

(40) "money received for transmission" means money or monetary value received in the United States for transmission within or outside the United States by electronic or other means;

(41) "multistate licensing process" means an agreement entered into by and among state regulators relating to coordinated processing of applications for licenses, applications for the acquisition of control of a licensee, control determinations, or notice and information requirements for a change of key individuals;

(42) "outstanding money transmission obligation" means

(A) a payment instrument or stored value issued or sold by a licensee to a person located in the United States, or reported as sold by an authorized delegate of the licensee to a person that is located in the United States, that has not yet been paid or refunded by or for the licensee, or escheated in accordance with applicable abandoned property laws; or

(B) money received for transmission by the licensee or an authorized delegate in the United States from a person located in the United States that has not been received by the payee or refunded to the sender, or

1 escheated in accordance with applicable abandoned property laws; in this
2 paragraph, "in the United States" means, to the extent applicable, a person in a
3 state, territory, or possession of the United States, the District of Columbia, the
4 Commonwealth of Puerto Rico, or a United States military installation that is
5 located in a foreign country;

6 (43) "registry" means a nationwide organization that the Nationwide
7 Multistate Licensing System and Registry, a department determines is a nationally
8 recognized multistate licensing system ~~owned and operated by the State Regulatory~~
9 ~~Registry, LLC, or any successor or affiliated entity, for the~~ to use as a multistate
10 licensing and registration of persons in the mortgage and other financial services
11 industries ~~process~~;

12 (44) "tangible net worth" means the aggregate assets of a licensee
13 excluding all intangible assets, less liabilities, as determined in accordance with
14 generally accepted accounting principles;

15 (45) "virtual currency"

16 (A) means a digital representation of value that

17 (i) is used as a medium of exchange, unit of account, or
18 store of value; and

19 (ii) is not money, whether or not denominated in
20 money;

21 (B) does not mean

22 (i) a transaction in which a merchant grants, as part of
23 an affinity or rewards program, value that cannot be taken from or
24 exchanged with the merchant for money, bank credit, or virtual
25 currency; or

26 (ii) a digital representation of value issued by or on
27 behalf of a publisher and used solely within an online game, game
28 platform, or family of games sold by the same publisher or offered on
29 the same game platform;

30 (46) "virtual currency business activity" means

31 (A) exchanging, transferring, or storing virtual currency or

1 engaging in virtual currency administration, whether directly or through an
 2 agreement with a virtual currency control services vendor; in this
 3 subparagraph, "virtual currency administration" means issuing virtual currency
 4 with the authority to redeem the currency for money, bank credit, or other
 5 virtual currency;

6 (B) holding electronic precious metals or electronic certificates
 7 representing interests in precious metals on behalf of another person or issuing
 8 shares or electronic certificates representing interests in precious metals; or

9 (C) exchanging one or more digital representations of value
 10 used within one or more online games, game platforms, or family of games for

11 (i) virtual currency offered by or on behalf of the same
 12 publisher from which the original digital representation of value was
 13 received; or

14 (ii) money or bank credit outside the online game, game
 15 platform, or family of games offered by or on behalf of the same
 16 publisher from which the original digital representation of value was
 17 received;

18 (47) "virtual currency control services vendor" means a person that has
 19 control of virtual currency solely under an agreement with a person that, on behalf of
 20 another person, assumes control of virtual currency;

21 (48) "virtual currency exchange" means to

22 (A) assume control of virtual currency from or on behalf of a
 23 person, at least momentarily; ~~or~~

24 (B) sell, trade, or convert

25 (i) virtual currency for money, bank credit, or one or
 26 more forms of virtual currency or money; or

27 (ii) bank credit for one or more forms of virtual
 28 currency;

29 (49) "virtual currency transfer" means to assume control of virtual
 30 currency from or on behalf of a person and to

31 (A) credit the virtual currency to the account of another person;

1 (B) move the virtual currency from one account of a person to
2 another account of the same person; or

3 (C) relinquish control of virtual currency to another person.

4 * ~~Sec. 63-61.~~ AS 06.55.995 is amended to read:

5 **Sec. 06.55.995. Short title.** This chapter may be cited as the Alaska Uniform
6 Money **Transmission Modernization** [SERVICES] Act.

7 * ~~Sec. 62-64.~~ AS 12.62.400(~~ba~~) is amended by adding a new paragraph to read:

8 ~~(b) Notwithstanding (a) of this section, (23) controlling a licensee or~~
9 ~~an applicant for a license under AS 06.60 and an applicant for a license, 55, seeking~~
10 ~~to acquire control of a licensee under AS 06.55, or to act acting as a key~~
11 ~~individual under AS 06.55 may submit the applicant's fingerprints to the Nationwide~~
12 ~~Mortgage Licensing System and Registry. In this subsection, "Nationwide Mortgage~~
13 ~~Licensing System and Registry" has the meaning given in 12 U.S.C. 5102.~~

14 * ~~Sec. 6563.~~ AS 06.55.103, 06.55.104, 06.55.107, 06.55.201, 06.55.202, 06.55.203,
15 06.55.204, 06.55.402, 06.55.406(b), 06.55.502(c), 06.55.702(b), 06.55.820, 06.55.850(e),
16 06.55.890, 06.55.990(5), 06.55.990(6), 06.55.990(8), 06.55.990(9), 06.55.990(12),
17 06.55.990(13), 06.55.990(14), 06.55.990(16), 06.55.990(17), and 06.55.990(18) are repealed.

18 * ~~Sec. 64-66.~~ The uncoded law of the State of Alaska is amended by adding a new
19 section to read:

20 INDIRECT COURT RULE AMENDMENT. AS 06.55.605, as amended by sec. 37 of
21 this Act, has the effect of changing Rules 79 and 82, Alaska Rules of Civil Procedure, by
22 changing the award of court costs and attorney fees in certain cases.

23 * ~~Sec. 65.~~ The uncoded law of the State of Alaska is amended by adding a new section to
24 read:

25 TRANSITION. Contracts, rights, liabilities, and obligations created by or under a law
26 repealed or amended by this Act, and in effect on the day before the effective date of the
27 repeal or amendment, remain in effect notwithstanding this Act taking effect.

28 * ~~Sec. 67-66.~~ The uncoded law of the State of Alaska is amended by adding a new
29 section to read:

30 TRANSITION: CURRENT MONEY SERVICES ~~LICENSES~~LICENSEES. A person
31 that has a valid money services license or approval on December 31, 2023, may continue to

1 operate under that license or approval until the licensee renews the license under
2 AS 06.55.106, ~~as repealed and reenacted~~enacted by sec. 5 of this Act, or through July 1, 2025,
3 whichever is later. In this section,

4 (1) "approval" means approval under AS 06.55.103, as that section read on
5 December 31, 2023;

6 (2) "money services ~~license~~licensee" has the meaning given in AS 06.55.990,
7 as that section read on December 31, 2023.

8 * **Sec. ~~67.68.~~** The uncodified law of the State of Alaska is amended by adding a new
9 section to read:

10 TRANSITION: REGULATIONS. The Department of Commerce, Community, and
11 Economic Development may adopt regulations to implement this Act. The regulations take
12 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
13 law implemented by the regulations.

14 * **Sec. 68.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read: ~~69.~~ Section 68 of this Act takes effect immediately under AS 01.10.070(c).

16 CONDITIONAL EFFECT. AS 06.55.605, as amended by sec. 37 of this Act, takes
17 effect only if sec. 64 of this Act receives the two-thirds majority vote of each house required
18 by art. IV, sec. 15, Constitution of the State of Alaska.

19 * **Sec. 69.** Section 67 of this Act takes effect immediately under AS 01.10.070(c).

20 * **Sec. 70.** -Except as provided in sec. 69 of this Act, this Act takes effect January 1, 2024.