

CS FOR HOUSE BILL NO. 324(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Offered: 3/27/26

Referred: Labor and Commerce

Sponsor(s): REPRESENTATIVES MOORE, Fields

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to virtual currency kiosks; relating to transactions involving virtual**
2 **currency; and relating to unfair trade or deceptive acts or practices."**

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

4 *** Section 1.** AS 06.55 is amended by adding new sections to read:

5 **Article 1A. Virtual Currency Kiosks.**

6 **Sec. 06.55.115. Virtual currency kiosk operator licensing and reporting.**

7 (a) A virtual currency kiosk operator may not engage in a virtual currency kiosk
8 transaction or hold itself out as being able to engage in virtual currency kiosk
9 transactions with or on behalf of another person unless the virtual currency kiosk
10 operator holds a money transmission license.

11 (b) A virtual currency kiosk operator may not locate a virtual currency kiosk
12 in the state unless the virtual currency kiosk operator registers with and obtains the
13 prior approval of the department.

14 **Sec. 06.55.120. Mandatory hold for first transaction.** If a user has not

1 previously engaged with a virtual currency kiosk operator, the virtual currency kiosk
2 operator shall put a 48-hour hold on the first virtual currency kiosk transaction that the
3 user engages in with the virtual currency kiosk operator before completing the
4 transaction. The virtual currency kiosk operator may not engage in another transaction
5 with the user until the 48-hour hold has expired.

6 **Sec. 06.55.125. Reporting.** (a) Within 45 days after the end of each calendar
7 quarter, a virtual currency kiosk operator shall submit a quarterly report to the
8 department for each location in the state at which the person operates a virtual
9 currency kiosk. The report must include the following:

- 10 (1) the legal name of the virtual currency kiosk operator;
- 11 (2) any fictitious or trade name used by the virtual currency kiosk
12 operator;
- 13 (3) the virtual currency kiosk operator's physical address;
- 14 (4) the date that operation of a virtual currency kiosk began at the
15 location;
- 16 (5) if applicable, the date the virtual currency kiosk operator ceased
17 operating a virtual currency kiosk at the location;
- 18 (6) virtual currency addresses used by the virtual currency kiosk
19 operator to service users at every location in the state; and
- 20 (7) the number of transactions declined because of suspicion of illicit
21 activity.

22 (b) On or before March 31 of each year, a virtual currency kiosk operator shall
23 submit an annual report to the department relating to the virtual currency kiosk
24 operator's business conducted in the state during the previous calendar year. The
25 report shall be on a form prescribed by the department and must include

- 26 (1) the gross revenue attributable to virtual currency transactions
27 conducted through virtual currency kiosks in the state;
- 28 (2) copies of each complaint filed by a user against the virtual currency
29 kiosk operator with the Better Business Bureau or a state or federal agency other than
30 the department and a description of the resolution, if any, of each complaint;
- 31 (3) the total number and value of virtual currency transactions the

1 virtual currency kiosk operator conducted through virtual currency kiosks in the state;

2 (4) the total number of refunds requested by users, including the
3 number of requests granted and the number denied by the virtual currency kiosk
4 operator;

5 (5) the total dollar amount of refunds the virtual currency kiosk
6 operator provided to users;

7 (6) contact details for the virtual currency kiosk operator's compliance
8 officer;

9 (7) the total number of virtual currency kiosk locations; and

10 (8) the total number and dollar amount of suspicious transaction
11 reports the virtual currency kiosk operator was required to file under 31 U.S.C. 5311 -
12 5336.

13 (c) Upon request, a virtual currency kiosk operator shall make available to the
14 department information on any transaction processed by the virtual currency kiosk or
15 any user of the virtual currency kiosk, including information related to transactions
16 that were attempted but denied.

17 (d) Data collected by the department under this section is confidential and is
18 not a public record for purposes of AS 40.25.110 - 40.25.140 but may be released in
19 composite form. The department shall prepare and make available to the public an
20 annual report summarizing the data reported to the department under this section.

21 **Sec. 06.55.130. Disclosures.** (a) A virtual currency kiosk operator shall
22 disclose in a clear, conspicuous, and easily readable manner in the chosen language of
23 the user all relevant terms and conditions generally associated with the products,
24 services, and activities of the virtual currency kiosk operator and virtual currency,
25 including transaction charges collected and exchange rates used by the virtual
26 currency kiosk operator.

27 (b) When a user engages with a virtual currency kiosk, the virtual currency
28 kiosk operator shall obtain acknowledgment of receipt of all disclosures required
29 under this section.

30 (c) The disclosures required under this section must address the following:

31 (1) a warning, written prominently and in bold type stating

1 WARNING: this technology can be used to defraud you. If
 2 someone asked you to deposit money in this machine or is on the
 3 telephone with you and claims to be a friend or family member,
 4 government agent, computer software representative, bill collector, law
 5 enforcement officer, or anyone you do not know personally
 6 IMMEDIATELY STOP THIS TRANSACTION and contact your local
 7 law enforcement and the kiosk operator. This may be a scam. NEVER
 8 SEND MONEY to someone you don't know;

9 (2) a warning of the material risks associated with virtual currency,
 10 including a warning that virtual currency is not issued or backed by the United States
 11 government; is not legal tender in the United States; is not subject to protections by the
 12 Federal Deposit Insurance Corporation, National Credit Union Administration, or
 13 Securities Investor Protection Corporation; and that its value relative to the United
 14 States dollar may fluctuate significantly;

15 (3) the name, address, and telephone number of the owner of the kiosk
 16 and the days, time, and means by which a user can contact the owner for assistance;

17 (4) the address and telephone number of the Alaska state troopers,
 18 local law enforcement, and the department, along with a message that a user may
 19 report fraud to any of those entities, shall be displayed on or at the location of a virtual
 20 currency kiosk or on the first screen of a kiosk; and

21 (5) other disclosures that the department requires by regulation.

22 (d) The disclosures required under this section do not affect the obligation of a
 23 virtual currency kiosk operator to issue a refund under AS 06.55.160.

24 (e) After each transaction, the virtual currency kiosk operator shall provide
 25 users with paper and electronic receipts. In addition to the information required under
 26 AS 06.55.830, the receipt must include the following information:

27 (1) the virtual currency kiosk operator's name and toll-free customer
 28 service telephone number;

29 (2) relevant contact information to report fraud to the Alaska state
 30 troopers, local law enforcement, and the department;

31 (3) the type, value, date, and time of the transaction;

- 1 (4) each applicable virtual currency address and transaction hash, if
 2 applicable;
- 3 (5) all charges incurred in the transaction;
- 4 (6) the exchange rate used between the virtual currency and United
 5 States dollar;
- 6 (7) if the transaction is subject to a first transaction hold required under
 7 AS 06.55.120, notice of the hold and when the hold expires;
- 8 (8) a statement of the virtual currency kiosk operator's refund policy;
- 9 (9) any additional information the department requires by regulation.

10 **Sec. 06.55.135. Fraud and anti-money laundering policy.** A virtual currency
 11 kiosk operator shall take reasonable steps to detect and prevent fraud and money
 12 laundering, including establishing and maintaining a written anti-fraud policy and
 13 abiding by 31 U.S.C. 5311 - 5336 (Bank Secrecy Act). The anti-fraud and money
 14 laundering policy must, at a minimum,

- 15 (1) identify and assess fraud-related and money laundering-related risk
 16 areas;
- 17 (2) establish procedures and controls to protect against identified risks
 18 of fraud and money laundering;
- 19 (3) allocate responsibility for monitoring risks of fraud and money
 20 laundering; and
- 21 (4) require periodic evaluation and revision of the anti-fraud and
 22 money laundering procedures, controls, and monitoring mechanisms.

23 **Sec. 06.55.140. Blockchain analytics.** A virtual currency kiosk operator shall
 24 use blockchain analytics and tracing software to assist in the prevention of sending
 25 virtual currency to a virtual currency wallet known or likely to be affiliated with
 26 fraudulent activity at the time of a transaction and to detect transaction patterns
 27 indicative of fraud or other illicit activities. Virtual currency kiosk operators shall
 28 block transactions to virtual currency wallets associated with overseas exchanges that
 29 are inaccessible to users in the United States. A virtual currency kiosk operator shall
 30 make available to the department, upon request, evidence of their current use of
 31 blockchain analytics.

1 **Sec. 06.55.145. Posted warnings.** A virtual currency kiosk operator shall post
2 a conspicuous written warning in plain view of the virtual currency kiosk providing
3 notice to users that criminals may direct victims of fraud or scams to send money by
4 way of virtual currency kiosks. This warning must include the virtual currency kiosk
5 operator's toll-free customer service telephone number.

6 **Sec. 06.55.150. User identification.** (a) A virtual currency kiosk operator or
7 their authorized delegate shall verify the identity of a user before accepting payment
8 from the user for a virtual currency transaction. A virtual currency kiosk operator or
9 their authorized delegate shall obtain a copy of a government-issued identification
10 card that identifies the user and shall collect additional user information, including the
11 user's name, date of birth, telephone number, address, and electronic mail address,
12 before accepting a payment from the user at a virtual currency kiosk.

13 (b) A virtual currency kiosk operator may not allow a user to engage in a
14 transaction at a virtual currency kiosk under any name, account, or identity other than
15 the user's own true name and identity.

16 (c) A virtual currency kiosk operator is strictly liable for a violation of this
17 section.

18 **Sec. 06.55.155. Training.** On an annual basis, a virtual currency kiosk
19 operator shall provide the store or location where the kiosk is located with staff
20 training materials approved by the department. The training materials must outline
21 how criminals may exploit virtual currency kiosks in illicit activity, including red flag
22 indicators that a virtual currency kiosk user may be the victim of fraud or scams as
23 well as signs of financial abuse and exploitation. The virtual currency kiosk operator
24 may not prohibit or prevent staff at the location of the virtual currency kiosk from
25 educating virtual currency kiosk users on fraud and scams.

26 **Sec. 06.55.160. Refunds.** (a) For cases related to fraud, a virtual currency
27 kiosk operator shall issue a full refund to a user if the user

28 (1) engaged in a transaction involving the virtual currency kiosk that
29 was affected by fraud;

30 (2) informed the virtual currency kiosk operator of the fraudulent
31 nature of the transaction or transactions at issue within 90 days after the last

1 transaction or within 90 days after the user became aware of the fraud, whichever is
2 later; and

3 (3) within 120 days after contacting the virtual currency kiosk
4 operator, submitted to the virtual currency kiosk operator a police report, report by the
5 department, or a sworn statement detailing the fraudulent nature of the transaction.

6 (b) If a user requests that a transaction be cancelled during a first transaction
7 hold required under AS 06.55.120, the virtual currency kiosk operator shall cancel the
8 transaction and provide the user with a full refund.

9 (c) If the conditions for a refund under (a) or (b) of this section are met, the
10 virtual currency kiosk operator shall issue the refund to the user

11 (1) in the original currency provided by the user;

12 (2) in the full amount of all transactions paid by the user at the time of
13 the transaction, including transaction charges, regardless of any acknowledgment the
14 user may have made before finalizing the transactions; and

15 (3) within 72 hours after receiving a copy of the police report, report
16 by the department, or sworn statement for a refund required under (a) of this section or
17 a request that the transaction be cancelled during a first transaction hold for a refund
18 required under (b) of this section.

19 **Sec. 06.55.165. Communication.** For all communication between the virtual
20 currency kiosk operator and the user, the virtual currency kiosk operator shall provide
21 written notices in both English and Spanish and communicate with the user in their
22 preferred language through staff, oral interpretation services, or auxiliary aids and
23 services.

24 **Sec. 06.55.170. Transaction limit.** (a) A virtual currency kiosk operator may
25 not accept transactions totaling more than \$1,000, or the equivalent in virtual currency,
26 from a user in one calendar day.

27 (b) A virtual currency kiosk operator may not accept transactions totaling
28 more than \$10,000, or the equivalent in virtual currency, from a user in a 30-day
29 period.

30 (c) The limits in this section apply to all products offered by a virtual currency
31 kiosk operator. The use of alternative products, including online purchasing or over-

1 the-counter platforms, may not be employed to circumvent or exceed the limits in this
2 section.

3 **Sec. 06.55.175. Transaction fees.** A virtual currency kiosk operator may not
4 collect fees from a user for a transaction that total more than three percent of the
5 transaction value in United States dollars or the equivalent in virtual currency.

6 **Sec. 06.55.180. Customer service.** A virtual currency kiosk operator shall
7 provide live customer service during operating hours, including the hours between
8 8:00 a.m. and 10:00 p.m. Alaska time. A customer service toll-free number must be
9 displayed on the virtual currency kiosk or the virtual currency kiosk screen.

10 **Sec. 06.55.185. Law enforcement access to investigative information.** A
11 virtual currency kiosk operator shall provide a dedicated communications line for
12 government agencies to contact the virtual currency kiosk operator. The dedicated line
13 must be an electronic mail address or telephone number based in the United States. A
14 law enforcement agency or a regulatory agency, including the department, may use the
15 dedicated line to communicate with the virtual currency kiosk operator in the event of
16 a fraud report from a user. The dedicated line must be regularly monitored. Upon
17 request from a law enforcement agency or regulatory agency, a virtual currency kiosk
18 operator must provide the agency with trace findings and grant the agency assistance
19 with blockchain analytics to assist in an investigative matter related to potential fraud.

20 **Sec. 06.55.190. Penalties.** (a) A virtual currency kiosk operator that violates
21 AS 06.55.115 - 06.55.200 commits an unfair trade or deceptive act or practice in
22 violation of AS 45.50.471.

23 (b) A virtual currency kiosk operator operating in this state without a money
24 transmission license or that otherwise violates AS 06.55.115 - 06.55.200 is subject to
25 administrative action, including civil penalties, that may, notwithstanding
26 AS 06.55.605, include the seizure of any virtual currency kiosk and the forfeiture of
27 all fees received from customers in the state during the period of unlicensed activity or
28 noncompliance.

29 **Sec. 06.55.195. Municipal regulations.** Nothing in AS 06.55.115 - 06.55.200
30 may be interpreted to preempt or nullify a municipal ordinance that provides greater
31 protections, requirements, or restrictions if the municipal ordinance does not directly

1 conflict with AS 06.55.115 - 06.55.200.

2 **Sec. 06.55.200. Definitions.** In AS 06.55.115 - 06.55.200,

3 (1) "blockchain analytics" means the analysis of data from blockchains
4 or public distributed ledgers, including associated transaction information;

5 (2) "blockchain analytics and tracing software" includes a software
6 service that uses blockchain analytics to provide risk-specific information and tracing
7 of virtual currency wallet addresses;

8 (3) "charges" include

9 (A) fees or expenses paid by a user; and

10 (B) the difference between the market price of the virtual
11 currency and the price of the virtual currency charged to the user;

12 (4) "user" means an individual or entity that initiates, authorizes, or
13 completes a transaction involving virtual currency through a virtual currency kiosk for
14 the purpose of purchasing, selling, transferring, or otherwise exchanging virtual
15 currency;

16 (5) "virtual currency" means an electronic asset that confers economic,
17 proprietary, or access rights or powers and is recorded using cryptographically secured
18 distributed ledger technology, or any similar analogue;

19 (6) "virtual currency address" means an alphanumeric identifier
20 associated with a virtual currency wallet that identifies the location to which a virtual
21 currency transaction can be sent;

22 (7) "virtual currency kiosk" means a person acting on the behalf of, or
23 a mechanical agent of, the virtual currency kiosk operator to enable the virtual
24 currency kiosk operator to facilitate the exchange of virtual currency for money, bank
25 credit, or other virtual currency by connecting directly to a separate virtual currency
26 exchange, drawing on virtual currency in the possession of the electronic terminal's
27 operator, or by another method;

28 (8) "virtual currency kiosk operator" means a person that engages in
29 virtual currency business activity by way of a virtual currency kiosk located in the
30 state or a person that owns, operates, manages, or provides custodial or noncustodial
31 services for a virtual currency kiosk located in the state through which virtual currency

1 business activity is offered;

2 (9) "virtual currency kiosk transaction" means a transaction conducted
3 or performed, in whole or in part, by electronic means through a virtual currency kiosk
4 or a transaction made at a virtual currency kiosk to purchase virtual currency with
5 United States dollars or to sell virtual currency for United States dollars;

6 (10) "virtual currency wallet" means a software application or other
7 mechanism providing a means to hold the keys necessary to access and transfer virtual
8 currency.

9 * **Sec. 2.** AS 06.55.840 is amended by adding a new subsection to read:

10 (b) This section does not apply to a refund requested for a virtual currency
11 kiosk transaction under AS 06.55.115 - 06.55.200.

12 * **Sec. 3.** AS 06.55.990(15) is amended to read:

13 (15) "money transmission"

14 **(A)** means

15 **(i)** selling or issuing payment instruments or stored
16 value, or receiving money or monetary value for transmission; **or**

17 **(ii) operating a virtual currency kiosk;**

18 **(B)** [, BUT] does not include the provision solely of delivery,
19 online services, telecommunications services, or network access;

20 * **Sec. 4.** AS 45.50.471(b) is amended by adding a new paragraph to read:

21 (58) violating AS 06.55.115 - 06.55.200 (virtual currency kiosks).