



LAWS OF ALASKA

2026

Source

HCS CSSB 86(FIN)

Chapter No.

AN ACT

Relating to the business of money transmission; relating to licenses for money transmission, licensure requirements, and registration through a nationwide multistate licensing system; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to exemptions to money transmission licensure requirements; relating to payroll processing services; relating to currency exchange licenses; relating to abandoned virtual currency; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

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2 licensure requirements, and registration through a nationwide multistate licensing system;
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5 reporting requirements; authorizing the Department of Commerce, Community, and Economic
6 Development to cooperate with other states in the regulation of money transmission; relating to
7 permissible investments; relating to violations and enforcement of money transmission laws;
8 relating to exemptions to money transmission licensure requirements; relating to payroll
9 processing services; relating to currency exchange licenses; relating to abandoned virtual
10 currency; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and providing for an
11 effective date.

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

4 PURPOSE. The purpose of secs. 1 - 65 and 75 - 78 of this Act is to replace existing
5 state money transmission laws to modernize licensure requirements, to add model language for
6 the burgeoning virtual currency industry, to allow the Department of Commerce, Community,
7 and Economic Development to coordinate with other states in all areas of regulation, licensing,
8 and supervision of money transmission, to standardize the types of activities that are subject to
9 licensing, and to modernize safety and soundness requirements for money transmission.

10 * **Sec. 2.** AS 06.55.101 is amended to read:

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

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

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

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

20 (b) A [MONEY TRANSMISSION] license is not transferable or assignable.

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

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

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

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

30 (3) the application fee established by the department;

31 (4) the license fee established by the department; and

1 (5) a surety bond or other security as required by AS 06.55.505.

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

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

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

12 (1) the application is approved; and

13 (2) the license takes effect on the first business day after expiration of
14 the 120-day period.

15 (b) The department may for good cause extend the application period.

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

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

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

29 (2) the financial condition, financial responsibility, financial experience,
30 financial business experience, competence level, character, and general fitness of the
31 applicant, and the experience, competence level, character, and general fitness of the

1 key individuals and persons in control of the applicant, indicate that it is in the interest
2 of the public to allow the applicant to engage in money transmission.

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

5 (1) for the purposes of (d) of this section, accept the investigation results
6 of a state that is the lead investigator in the multistate licensing process; or

7 (2) investigate the applicant in accordance with (d) of this section and
8 the time frames established by agreement through the multistate licensing process, if
9 those time frames comply with the application approval period set out in (a) of this
10 section.

11 (f) The department shall issue a formal written notice of a denial of a license
12 application within 30 days after the decision to deny the application. The department
13 shall set out in the notice of denial the specific reasons for the denial. An applicant may
14 appeal a denial within 30 days after receiving the written notice of the denial and may
15 request a hearing.

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

18 (1) the initial license is issued between November 1 and December 31,
19 in which case the initial license term runs through December 31 of the following year;
20 or

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

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

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

26 **Sec. 06.55.106. Renewal of license.** (a) A licensee shall renew a license
27 annually. A licensee shall pay an annual renewal fee by the renewal filing deadline
28 established by the department. The renewal term is for a period of one year and begins
29 on January 1 of each year after the initial license term and expires on December 31 of
30 the year the renewal term begins.

31 (b) A licensee shall submit a renewal report with the renewal fee in a form and

1 in a medium prescribed by the department. The renewal report must describe each
2 material change in information submitted by the licensee in the licensee's initial license
3 application that the licensee has not reported to the department.

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

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

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

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

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

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

18 (1) the individual's fingerprints for submission to the Federal Bureau of
19 Investigation to obtain a national criminal history record check unless the individual
20 currently resides outside the United States and has resided outside the United States for
21 the past 10 years; and

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

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

26 (B) information related to a criminal conviction or pending
27 charges; and

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

31 (b) If the individual has resided outside the United States at any time in the 10

1 years before the date of furnishing the information under (a) of this section, the
2 individual shall also provide an investigative background report prepared by an
3 independent search firm. The independent search firm may not be affiliated with or have
4 an interest in the individual the firm is researching. At a minimum, the investigative
5 background report must

6 (1) demonstrate that the independent search firm has sufficient
7 knowledge and resources and employs accepted and reasonable methodologies to
8 conduct the research of the background report;

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

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

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

19 (C) employment history;

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

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

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

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

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

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

- 4 (1) collect and maintain records;
5 (2) coordinate multistate licensing processes and supervision processes;
6 (3) process fees; and
7 (4) facilitate communication between the department and licensees or
8 other persons subject to this chapter.

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

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

14 **Article 1A. Virtual Currency Business Activity.**

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

- 18 (1) licensed under this chapter; or
19 (2) exempt from licensing under AS 06.55.802.

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

23 **Sec. 06.55.155. Required disclosures.** (a) A licensee that engages in virtual
24 currency business activity shall provide to a person that uses the licensee's products or
25 service the disclosures required by (b) of this section and any additional disclosures the
26 department determines to be reasonably necessary for the protection of persons. The
27 department shall determine by regulation or order the time and form required for
28 disclosure. A disclosure required by this section must be made separately from any other
29 information provided by the licensee and in a clear and conspicuous manner in a record
30 the person may keep. A licensee may propose for the department's approval alternate
31 disclosures as more appropriate for its virtual currency business activity.

1 (b) Before establishing a relationship with a person, a licensee shall disclose, to
2 the extent applicable to the virtual currency business activity the licensee will undertake
3 with the person,

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

7 (2) whether the product or service provided by the licensee is covered
8 by

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

11 (i) up to the dollar equivalent of virtual currency
12 purchased from the licensee or for control of virtual currency by the
13 licensee as of the date of the placement or purchase, including the
14 maximum amount provided by insurance under the Federal Deposit
15 Insurance Corporation or otherwise available from the Securities
16 Investor Protection Corporation; or

17 (ii) if not provided at the dollar equivalent of virtual
18 currency purchased from the licensee or for control of virtual currency
19 by the licensee, the maximum amount of coverage for each person
20 expressed in the dollar equivalent of the virtual currency; or

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

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

24 (4) a description of

25 (A) liability for an unauthorized, mistaken, or accidental virtual
26 currency transfer or virtual currency exchange;

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

29 (C) the basis for any recovery by the person from the licensee or
30 registrant;

31 (D) general error resolution rights applicable to a virtual

1 currency transfer or virtual currency exchange; and

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

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

7 (6) whether the person has a right to stop a preauthorized payment or
8 revoke authorization for a virtual currency transfer and the procedure to initiate a stop-
9 payment order or revoke authorization for a later virtual currency transfer;

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

12 (8) the person's right to at least 30 days' notice of a change in the
13 licensee's fee schedule, other terms and conditions of operating the licensee's virtual
14 currency business activity with the person, and the policies applicable to the person's
15 account; and

16 (9) that other persons are not required to take payment in virtual
17 currency, that the value of virtual currency can change, and that virtual currency is not
18 backed by a governmental agency.

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

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

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

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

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

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

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

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

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

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

11 (2) not property of the licensee;

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

13 (4) considered a permissible investment to the extent specified under
14 AS 06.55.502(b)(4).

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

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

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

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

28 (A) the identity of the person;

29 (B) the form of the transaction;

30 (C) the amount, date, and payment instructions given by the

31 person; and

1 (D) the account number, name, and mailing address of the person
2 and, to the extent feasible, other parties to the transaction;

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

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

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

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

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

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

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

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

22 **Sec. 06.55.170. Scope of application.** (a) The provisions of AS 06.55.150 -
23 06.55.165 do not apply to activity by

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

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

30 (3) a person that provides only to another person otherwise exempt from
31 this chapter virtual currency as one or more enterprise solutions used solely between

1 each other and has no agreement or relationship with a person that is an end user of
2 virtual currency;

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

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

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

8 (C) for academic purposes;

9 (5) a person that has virtual currency business activity with or on behalf
10 of a person reasonably expected to be valued, in the aggregate, at \$5,000 or less
11 annually, measured by the dollar equivalent of virtual currency;

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

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

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

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

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

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

27 (10) a virtual currency control services vendor;

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

29 (A) providing virtual currency products or services;

30 (B) conducting virtual currency business activity; or

31 (C) engaging in testing products or services with the person's

1 own funds.

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

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

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

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

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

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

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

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

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

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

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

23 (3) require the authorized delegate to agree to comply with all applicable
24 state and federal laws, rules, and regulations pertaining to money transmission,
25 including this chapter and regulations implementing this chapter, relevant provisions of
26 the Bank Secrecy Act, and P.L. 107-56 (USA PATRIOT Act);

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

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

31 (6) require the authorized delegate to prepare and maintain records as

1 required by this chapter or regulations implementing this chapter, or as reasonably
2 requested by the department;

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

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

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

11 (d) If the licensee's license is suspended, revoked, surrendered, or expired, the
12 licensee shall, within five business days, provide documentation to the department that
13 the licensee has notified all applicable authorized delegates of the licensee whose names
14 are in a record filed with the department of the suspension, revocation, surrender, or
15 expiration of the license. Upon suspension, revocation, surrender, or expiration of a
16 license, applicable authorized delegates shall immediately stop providing money
17 transmission as an authorized delegate of the licensee.

18 (e) An authorized delegate of a licensee holds in trust for the benefit of the
19 licensee all money after deducting fees received from money transmission. If an
20 authorized delegate commingles any funds received from money transmission with any
21 other funds or property owned or controlled by the authorized delegate, all commingled
22 funds and other property shall be considered held in trust in favor of the licensee in an
23 amount equal to the amount of money net of fees received from money transmission.

24 (f) In this section, "remit" means to make direct payments of money to a licensee
25 or its representative authorized to receive money or to deposit money in a bank account
26 specified by the licensee.

27 * **Sec. 9.** AS 06.55.302 is amended to read:

28 **Sec. 06.55.302. Unauthorized activities.** A person may not engage in the
29 business of money transmission on behalf of a person that is not licensed or exempt
30 [ACT AS AN AUTHORIZED DELEGATE FOR, OR OTHERWISE PROVIDE
31 MONEY SERVICES ON BEHALF OF, A PERSON WHO DOES NOT HOLD A

MONEY SERVICES LICENSE] under this chapter. **A person that engages in the business of money transmission on behalf of a person not licensed or exempt under this chapter provides money transmission to the same extent as if the person were a licensee and is jointly and severally liable with the unlicensed or nonexempt person.**

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

Sec. 06.55.401. Supervision; examination; investigation. (a) The department may conduct an examination or investigation of a licensee or authorized delegate or otherwise take independent action authorized by this chapter, regulations implementing this chapter, and other applicable law, including the Bank Secrecy Act, 15 U.S.C. 1693 - 1693r (Electronic Fund Transfer Act), P.L. 106-102 (Gramm-Leach-Bliley Act), and P.L. 107-56 (USA PATRIOT Act). The department may

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

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

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

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

(b) A licensee or authorized delegate shall provide, and the department shall have complete access to, records necessary for the department to conduct a complete examination. The licensee or authorized delegate shall provide the records at the location and in the format specified by the department. The department may use multistate record production standards and examination procedures when the multistate record production standards and examination procedures will reasonably achieve the

1 requirements of this section.

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

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

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

8 (a) A licensee shall submit a report of the licensee's financial condition within
9 45 days after the end of each quarter of the calendar year or within an extended period
10 that the department establishes. The report of condition must include

11 (1) financial information at the licensee's level;

12 (2) nationwide and state-specific money transmission transaction
13 information in every jurisdiction in the United States where the licensee is licensed to
14 engage in money transmission;

15 (3) a permissible investments report;

16 (4) transaction destination country reporting for money received for
17 transmission, if applicable; and

18 (5) any other information the department reasonably requires with
19 respect to the licensee.

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

21 (b) A licensee shall submit a report of the licensee's authorized delegates within
22 45 days after the end of each quarter of the calendar year. The report of authorized
23 delegates must include the following information about each authorized delegate:

24 (1) if the authorized delegate is an entity, the legal name of the entity; if
25 the authorized delegate is an individual, the legal name of the individual;

26 (2) taxpayer employer identification number;

27 (3) principal provider identifier;

28 (4) physical address;

29 (5) mailing address;

30 (6) business conducted in other states, if any;

31 (7) a trade name or other name used by the individual that is not the

1 individual's legal name;

2 (8) contact person name, telephone number, and electronic mail address;

3 (9) the date the authorized delegate began acting as the licensee's
4 authorized delegate;

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

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

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

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

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

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

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

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

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

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

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

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

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

2 **Sec. 06.55.404. Control; acquisition; passive investor.** (a) A person, or group
3 of persons acting in concert, seeking to acquire control of a licensee shall obtain the
4 written approval of the department before acquiring control. An individual is not
5 considered to acquire control of a licensee when the individual becomes a key individual
6 in the ordinary course of business.

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

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

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

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

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

22 (1) the application is approved; and

23 (2) the person, or group of persons acting in concert, is not prohibited
24 from acquiring control.

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

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

1 (g) When an application is filed and considered to be complete under (d) of this
2 section, the department shall investigate the financial condition, financial responsibility,
3 financial experience, business experience, competence level, character, and general
4 fitness of the person, or group of persons acting in concert, seeking to acquire control.
5 The department shall approve a request for acquisition of control if the department finds
6 that

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

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

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

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

20 (2) investigate the applicant in accordance with (g) of this section and
21 the time frames established by agreement through the multistate licensing process.

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 the
24 application. The department shall set out in the notice of denial the specific reasons for
25 the denial. An applicant may appeal a denial within 30 days after receiving the written
26 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 of
30 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(a)(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 person
19 in control of a licensee, the proposed person and transaction are not subject to the
20 requirements of (a) and (b) of this section.

21 (m) If a multistate licensing process includes a determination made under (l) of
22 this section and an applicant is subject to the multistate licensing process, the department
23 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 time
26 frames established by agreement through the multistate licensing process.

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

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

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

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

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

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

19 (o) If the notice required under (n)(5) of this section is not disapproved within
20 30 days after the date on which the notice was determined to be complete, the notice is
21 considered to be approved.

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

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

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

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

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

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

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

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

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

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

19 (3) bank statements and bank reconciliation records;

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

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

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

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

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

29 (d) **Records** [ALL RECORDS] maintained by the [MONEY SERVICES]
30 licensee as required in (a) - (c) of this section are open to inspection by the department
31 **only as permitted** under AS 06.55.401.

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

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

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

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

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

21 (2) FINANCIAL STATEMENTS, BALANCE SHEETS, AND
22 AUTHORIZED DELEGATE INFORMATION].

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

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

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

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

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

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

- (1) authorized in writing by the customer;
- (2) required by federal, state, or local law;
- (3) required by an order issued by a court or an administrative agency;

or

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

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

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

- (1) the name, business address, telephone number, and unique registry identifier of a licensee;
- (2) the business address of a licensee's registered agent for service;
- (3) the name, business address, and telephone number of all authorized delegates;
- (4) the terms or a copy of any bond filed by a licensee, if that confidential information, including the prices and fees for the bond, is redacted;
- (5) copies of any nonconfidential final orders of the department relating to any violation of this chapter or regulations implementing this chapter; and
- (6) imposition of an administrative fine or penalty under this chapter.

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

Sec. 06.55.408. Audited financial statements. (a) A licensee shall, within 90 days after the end of the licensee's fiscal year or within any extended period that the

1 department establishes, file with the department

2 (1) an audited financial statement of the licensee for the fiscal year
3 prepared in accordance with generally accepted accounting principles; and

4 (2) other information the department reasonably requires.

5 (b) The audited financial statement must be prepared by an independent certified
6 public accountant or independent public accountant who is satisfactory to the
7 department.

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

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

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

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

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

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

28 (b) The department has broad administrative authority to administer, interpret,
29 and enforce this chapter, to adopt regulations implementing this chapter, and to recover
30 the cost of administering and enforcing this chapter by imposing and collecting
31 proportionate and equitable fees and costs associated with applications, examinations,

1 investigations, and other actions required to achieve the purposes of this chapter.

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

8 (1) cooperate, coordinate, and share information with other state and
9 federal regulators; and

10 (2) enter into written contracts or agreements with other state and federal
11 regulators for the purposes of cooperating, coordinating, and sharing information with
12 state and federal regulators.

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

16 (c) A joint examination or investigation, or acceptance of an examination or
17 investigation report, does not waive an examination assessment provided for in this
18 chapter.

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

23 (b) If there is an inconsistency between this chapter and a federal law that
24 governs in accordance with (a) of this section, the department may provide interpretive
25 guidance that

26 (1) identifies the inconsistency; and

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

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

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

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

3 (b) The department may issue a notice of disapproval of a key individual if the
4 department finds that, based on the experience, competence level, character, or integrity
5 of the individual, it would not be in the best interest of the public or the customers of
6 the licensee to permit the individual to be a key individual. The department shall issue
7 a notice of disapproval within 90 days after the department determines the notice
8 provided under (a) of this section to be complete.

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

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

15 (e) If a multistate licensing process includes a key individual notice review and
16 disapproval process, and the licensee is subject to the multistate licensing process, the
17 department may

18 (1) accept the key individual notice review determination of another
19 state; or

20 (2) investigate the applicant in accordance with (b) of this section and
21 the time frames established by agreement through the multistate licensing process.

22 * **Sec. 25.** AS 06.55.501 is amended to read:

23 **Sec. 06.55.501. Maintenance of permissible investments.** (a) A [MONEY
24 SERVICES] licensee shall maintain at all times permissible investments that have a
25 market value computed under generally accepted accounting principles of not less than
26 the aggregate amount of all of its outstanding money transmission [PAYMENT
27 INSTRUMENTS AND STORED VALUE] obligations [ISSUED OR SOLD IN ALL
28 STATES AND MONEY TRANSMITTED FROM ALL STATES BY THE MONEY
29 SERVICES LICENSEE].

30 (b) Except for permissible investments listed in AS 06.55.502(a), the [THE]
31 department, with respect to any licensee [MONEY SERVICES LICENSEES], may by

1 **regulation or order** limit the extent to which a **specific** [TYPE OF] investment
2 **maintained by a licensee** within a class of permissible investments may be considered
3 a permissible investment [, EXCEPT FOR MONEY AND CERTIFICATES OF
4 DEPOSIT ISSUED BY A BANK. THE DEPARTMENT BY REGULATION MAY
5 PRESCRIBE OR BY ORDER ALLOW OTHER TYPES OF INVESTMENTS THAT
6 THE DEPARTMENT DETERMINES TO HAVE A SAFETY SUBSTANTIALLY
7 EQUIVALENT TO OTHER PERMISSIBLE INVESTMENTS].

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

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

20 (d) Upon the establishment of a statutory trust under (c) of this section, or when
21 funds are drawn on a letter of credit under AS 06.55.502(a)(4) and 06.55.503, the
22 department shall notify the applicable regulator of each state in which the licensee is
23 licensed to engage in money transmission, if any, of the establishment of the trust or the
24 funds drawn on the letter of credit, as applicable. Notice may be provided in accordance
25 with a multistate agreement or through the registry. Funds drawn on a letter of credit
26 and any other permissible investments held in trust for the benefit of the purchasers and
27 holders of the licensee's outstanding money transmission obligations are considered to
28 be held in trust for the benefit of the purchasers and holders of the licensee's outstanding
29 money transmission obligations on a pro rata and equitable basis in accordance with
30 state law and the law of other states, as applicable. A statutory trust established under
31 this section shall be terminated upon extinguishment of all of the licensee's outstanding

1 money transmission obligations.

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

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

7 (a) **The** [EXCEPT TO THE EXTENT OTHERWISE LIMITED BY THE
8 DEPARTMENT UNDER AS 06.55.501, THE] following investments are permissible
9 under AS 06.55.501:

10 (1) cash, **demand deposits, savings deposits, funds in accounts held**
11 **for the benefit of a licensee's customers in a federally insured depository financial**
12 **institution, money market mutual funds rated AAA by an eligible rating service,**
13 **certificates** [A CERTIFICATE] of deposit, [OR A] senior debt **obligations**
14 [OBLIGATION] of **a federally** [AN] insured depository **financial** institution, **and cash**
15 **equivalents, including automated clearing house items in transit to the licensee and**
16 **automated clearing house items or international wires in transit to a payee, cash in**
17 **transit by armored car, cash in smart safes, cash in licensee-owned locations, and**
18 **transmission receivables owed by a bank and funded by a debit card or credit card;**

19 **(2)** [; IN THIS PARAGRAPH, "INSURED DEPOSITORY
20 INSTITUTION" HAS THE MEANING GIVEN IN 12 U.S.C. 1813 (FEDERAL
21 DEPOSIT INSURANCE ACT);

22 (2) BANKER'S ACCEPTANCE OR BILL OF EXCHANGE THAT IS
23 ELIGIBLE FOR PURCHASE ON ENDORSEMENT BY A MEMBER BANK OF
24 THE FEDERAL RESERVE SYSTEM AND IS ELIGIBLE FOR PURCHASE BY A
25 FEDERAL RESERVE BANK;

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

28 **(3)** [(4) AN INVESTMENT SECURITY THAT IS] an obligation of the
29 United States or a **commission** [DEPARTMENT], agency, or instrumentality of the
30 United States, [AN INVESTMENT IN] an obligation that is guaranteed fully as to
31 principal and interest by the United States, or [AN INVESTMENT IN] an obligation of

1 a state or a governmental subdivision, agency, or instrumentality of a state;

2 **(4) the full drawable amount that can be drawn on an irrevocable**
3 **standby letter of credit that complies with AS 06.55.503;**

4 **(5) 100 percent of the surety bond provided for under AS 06.55.505**
5 **that exceeds the average daily money transmission liability in this state**

6 [(5) RECEIVABLES THAT ARE PAYABLE TO A MONEY
7 SERVICES LICENSEE FROM ITS AUTHORIZED DELEGATES, IN THE
8 ORDINARY COURSE OF BUSINESS, UNDER CONTRACTS THAT ARE NOT
9 PAST DUE OR DOUBTFUL OF COLLECTION IF THE AGGREGATE AMOUNT
10 OF RECEIVABLES UNDER THIS PARAGRAPH DOES NOT EXCEED 20
11 PERCENT OF THE TOTAL PERMISSIBLE INVESTMENTS OF A MONEY
12 SERVICES LICENSEE AND THE MONEY SERVICES LICENSEE DOES NOT
13 HOLD AT ONE TIME RECEIVABLES UNDER THIS PARAGRAPH IN ANY ONE
14 PERSON AGGREGATING MORE THAN 10 PERCENT OF THE MONEY
15 SERVICES LICENSEE'S TOTAL PERMISSIBLE INVESTMENTS; AND

16 (6) A SHARE OR A CERTIFICATE ISSUED BY AN OPEN-END
17 MANAGEMENT INVESTMENT COMPANY THAT IS REGISTERED WITH THE
18 UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER 15
19 U.S.C. 80a-1 - 80a-64 (INVESTMENT COMPANY ACT OF 1940), AND WHOSE
20 PORTFOLIO IS RESTRICTED BY THE MANAGEMENT COMPANY'S
21 INVESTMENT POLICY TO INVESTMENTS SPECIFIED IN (1) - (4) OF THIS
22 SUBSECTION].

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

24 (b) In addition to the investments permissible under (a) of this section, the
25 following investments are permissible under (a) of this section, to the extent specified:

26 (1) receivables that are payable to a licensee from the licensee's
27 authorized delegates in the ordinary course of business that are less than seven days old
28 and do not exceed 50 percent of the aggregate value of the licensee's total permissible
29 investments; receivables under this paragraph that are payable to a licensee from a single
30 authorized delegate in the ordinary course of business may not exceed 10 percent of the
31 aggregate value of the licensee's total permissible investments;

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

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

6 (B) commercial paper bearing an eligible rating;

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

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

11 (E) money market mutual funds rated equal to or higher than A-
12 and less than AAA by an eligible rating service; and

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

16 (3) cash held in accounts for the benefit of the licensee's customers at
17 foreign depository financial institutions, not to exceed 10 percent of the aggregate value
18 of the licensee's total permissible investments, if the licensee has received a satisfactory
19 rating in the licensee's most recent examination and the foreign depository financial
20 institution

21 (A) has an eligible rating;

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

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

26 (D) is not located in a high-risk or noncooperative jurisdiction
27 as designated by the Financial Action Task Force; and

28 (4) virtual currency is a permissible investment only for outstanding
29 money transmission obligations of virtual currency.

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

31 **Sec. 06.55.503. Letter of credit.** (a) The letter of credit permitted under

1 AS 06.55.502(a)(4)

2 (1) must list the department as the beneficiary;

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

6 (3) must be issued by a federally insured depository financial institution
7 or a foreign bank that bears an eligible rating and is regulated, supervised, and examined
8 by federal or state regulatory authorities having regulatory authority over banks, credit
9 unions, and trust companies;

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

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

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

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

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

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

26 (i) the filing of a petition by or against the licensee under
27 11 U.S.C. Section 101 - 112 (Bankruptcy Code) for bankruptcy or
28 reorganization;

29 (ii) the filing of a petition by or against the licensee for
30 receivership, or the commencement of any other judicial or
31 administrative proceeding for the licensee's dissolution or

1 reorganization;

2 (iii) the seizure of assets of a licensee by the department
3 under an emergency order issued in accordance with applicable law,
4 based on an action, violation, or condition that has caused or is likely to
5 cause the insolvency of the licensee; or

6 (iv) the beneficiary received notice of expiration or non-
7 extension of a letter of credit and the licensee failed to demonstrate to
8 the satisfaction of the beneficiary that the licensee will maintain
9 permissible investments in accordance with AS 06.55.501 or this section
10 upon the expiration or non-extension of the letter of credit.

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

22 (c) The department may designate an agent to serve on the department's behalf
23 as beneficiary to a letter of credit if the agent and letter of credit meet the requirements
24 established by the department. The department's agent may serve as agent for multiple
25 licensing authorities for a single irrevocable letter of credit if the proceeds of the
26 drawable amount for the purposes of AS 06.55.502(a)(4) are assigned to the department.

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

30 **Sec. 06.55.505. Security.** (a) An applicant for a license shall provide, and a
31 licensee at all times shall maintain, security consisting of a surety bond in a form

1 satisfactory to the department or, with the department's approval, a deposit in
2 accordance with this section.

3 (b) The department shall determine the amount of the required security by
4 regulation or order. The amount of the required security must be proportional to the
5 licensee's average daily money transmission liability in this state up to a maximum of
6 \$1,000,000.

7 (c) A licensee that maintains a bond in the maximum amount provided for under
8 (b) of this section is not required to calculate its average daily money transmission
9 liability in this state for purposes of this section.

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

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

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

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

24 **Sec. 06.55.510. Net worth.** (a) A licensee shall maintain at all times a tangible
25 net worth of

26 (1) the greater of \$35,000 or three percent of total assets for the first
27 \$100,000,000;

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

30 (3) 0.5 percent of additional assets for over \$1,000,000,001.

31 (b) Tangible net worth must be demonstrated at initial application by the

1 applicant's most recent audited or unaudited financial statements.

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

4 * **Sec. 30.** AS 06.55.601 is amended to read:

5 **Sec. 06.55.601. Suspension and revocation; receivership.** (a) The department
6 may suspend or revoke a [MONEY SERVICES] license, place a [MONEY SERVICES]
7 licensee in receivership, or order a [MONEY SERVICES] licensee to revoke the
8 designation of an authorized delegate if

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) An authorized delegate may apply for relief from a suspension or revocation

1 of designation as an authorized delegate according to procedures prescribed by the
2 department.

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

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

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

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

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

17 (d) A [MONEY SERVICES] licensee or an authorized delegate who is served
18 with an order to cease and desist may petition the superior court for a judicial order
19 setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the
20 order pending the completion of an administrative proceeding under AS 06.55.601 or
21 06.55.602.

22 * **Sec. 37.** AS 06.55.605 is amended to read:

23 **Sec. 06.55.605. Civil penalties.** The department may assess a civil penalty
24 against a person **that** [WHO] violates this chapter or a regulation adopted or an order
25 issued under this chapter in an amount not to exceed **\$10,000 a** [\$1,000 EACH] day for
26 each day the violation is outstanding.

27 * **Sec. 38.** AS 06.55.605 is amended by adding a new subsection to read:

28 (b) A person that is found liable for a civil penalty under (a) of this section shall
29 also be liable to the department for the department's costs and expenses for investigating
30 and prosecuting the matter, including reasonable attorney fees.

31 * **Sec. 39.** AS 06.55.606(b) is amended to read:

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

5 * **Sec. 40.** AS 06.55.606(c) is amended to read:

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

11 * **Sec. 41.** AS 06.55.607(a) is amended to read:

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

16 * **Sec. 42.** AS 06.55.607(e) is amended to read:

17 (e) A person **that** [WHO] is served with an order to cease and desist for violating
18 AS 06.55.101 [OR 06.55.201] may petition the superior court for a judicial order setting
19 aside, limiting, or suspending the enforcement, operation, or effectiveness of the order
20 pending the completion of an administrative proceeding under AS 06.55.701 and
21 06.55.702.

22 * **Sec. 43.** AS 06.55.702(a) is amended to read:

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

30 * **Sec. 44.** AS 06.55.802 is amended to read:

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

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

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

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

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

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

26 (A) the United States or a department, an agency, or an
27 instrumentality of the United States; or

28 (B) a state, or a department, an agency, or an instrumentality of
29 a state;

30 (6) a board of trade or a person **that** [WHO], in the ordinary course of
31 business, provides clearance and settlement services for a board of trade, to the extent

1 of the operation of the person for a board of trade; in this paragraph, "board of trade"
2 means a board of trade designated as a contract market under 7 U.S.C. 1 - 27f
3 (Commodity Exchange Act);

4 (7) a registered futures commission merchant under the federal
5 commodities laws, to the extent of the merchant's operation as a registered futures
6 commission merchant under the federal commodities laws;

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

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

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

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

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

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

29 **(B) the exempt entity assumes all risk of loss and all legal**
30 **responsibility for satisfying the outstanding money transmission obligations**
31 **owed to purchasers and holders of the outstanding money transmission**

1 obligations upon receiving the purchaser's or holder's money or monetary
2 value by the service provider or agent;

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

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

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

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

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

19 (A) is a licensee or exempt from the licensing requirements
20 under this chapter;

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

24 (C) bears sole responsibility to satisfy the outstanding money
25 transmission obligation to the sender, including the obligation to remedy a
26 failure to transmit the funds to the sender's designated recipient;

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

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

4 (17) a person exempt by regulation or order of the department if the
5 department finds that the exemption is in the public interest and that the
6 regulation of the person is not necessary for the purposes of this chapter [UNDER
7 FEDERAL OR STATE SECURITIES LAWS].

8 * **Sec. 45.** AS 06.55.802 is amended by adding a new subsection to read:

9 (b) The department may adopt regulations that exempt a person providing
10 payroll processing services from all or some of the provisions of this chapter when the
11 volume of the money transmissions received by the person are minor compared to the
12 volume of money transmissions generally received by a person licensed under this
13 chapter. In this subsection,

14 (1) "money transmission" means receiving money or monetary value in
15 the United States for transmission within or outside the United States;

16 (2) "payroll processing services" means money transmissions received
17 under a contract with a person for the purpose of delivering wages or salaries, making
18 payments of payroll taxes to state and federal agencies, making payments relating to
19 employee benefit plans, or making distributions of other authorized deductions from
20 wages or salaries.

21 * **Sec. 46.** AS 06.55 is amended by adding a new section to read:

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

26 * **Sec. 47.** AS 06.55.810 is amended to read:

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

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

31 (2) has not designated an authorized delegate to provide money

1 **transmission** [SERVICES] on behalf of the [MONEY SERVICES] licensee at the
2 location.

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

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

15 * **Sec. 48.** 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 of
18 the department and a statement that the licensee's customers can contact the department
19 with questions or complaints about the licensee's money transmission. In this
20 subsection, "mobile application" means a software application developed specifically
21 for use on small, wireless computing devices.

22 * **Sec. 49.** 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 provider of money transmission may determine
25 whether the person requesting the transaction is in this state by relying on other
26 information provided by the person regarding the location of the person's residential
27 address or principal place of business or other physical address and any records
28 associated with the person that the provider of money transmission may have that
29 indicate the location, including an address associated with an account.

30 * **Sec. 50.** AS 06.55.830 is repealed and reenacted to read:

31 **Sec. 06.55.830. Receipt.** (a) Except as provided in (c) of this section, a licensee

1 or a licensee's authorized delegate shall provide to the sender a receipt for money
2 received for transmission. The receipt must be in English and in any other language
3 principally used by the licensee or authorized delegate to advertise, solicit, or negotiate,
4 either orally or in writing, for the transaction conducted. The receipt must contain the
5 following information, as applicable:

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

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

21 (c) This section does not apply to

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

1 or order.

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

4 * **Sec. 51.** AS 06.55 is amended by adding a new section to read:

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

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

14 * **Sec. 52.** AS 06.55.840 is repealed and reenacted to read:

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

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

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

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

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

31 (5) the refund request does not

1 (A) identify the sender's name and

2 (i) address; or

3 (ii) telephone number; or

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

6 (b) This section does not apply to:

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

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

12 * **Sec. 53.** AS 06.55.850(b) is amended to read:

13 (b) The department shall establish fee levels under (a) of this section so that the
14 total amount of fees collected for [BOTH MONEY TRANSMISSION] licenses [AND
15 CURRENCY EXCHANGE LICENSES] under this chapter approximately equals the
16 department's actual total regulatory costs for [BOTH MONEY TRANSMISSION]
17 licenses [AND CURRENCY EXCHANGE LICENSES. THE DEPARTMENT SHALL
18 SET THE FEE LEVELS SO THAT THE FEE LEVELS FOR BOTH MONEY
19 TRANSMISSION LICENSES AND CURRENCY EXCHANGE LICENSES ARE
20 THE SAME].

21 * **Sec. 54.** AS 06.55.850 is amended by adding a new subsection to read:

22 (f) The department shall set an annual renewal fee based on a licensee's total
23 volume of money transmission in the state, calculated in dollars or dollar equivalents.

24 * **Sec. 55.** AS 06.55.990(1) is amended to read:

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

28 * **Sec. 56.** AS 06.55.990(3) is amended to read:

29 (3) "control" means

30 (A) the ownership of, or the power to vote, directly or indirectly,
31 at least **10** [25] percent of **the outstanding** [A CLASS OF] voting **shares**

1 [SECURITIES] or voting interests of a [MONEY SERVICES] licensee or **of a**
2 person **that owns or has the power to vote, directly or indirectly, at least 10**
3 **percent of the voting shares or voting interests** [IN CONTROL] of a
4 [MONEY SERVICES] licensee **unless the person with the power to vote is a**
5 **passive investor as described in AS 06.55.404(q);**

6 (B) the power to elect **or appoint** a majority of executive
7 officers, managers, directors, trustees, or other persons exercising managerial
8 authority of a [MONEY SERVICES] licensee or person in control of a [MONEY
9 SERVICES] licensee; or

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

13 * **Sec. 57.** AS 06.55.990(15) is amended to read:

14 (15) "money transmission"

15 (A) means

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

18 (ii) [, OR] receiving money or monetary value for
19 transmission **to the state, from the state, or within the state;**

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

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

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

24 * **Sec. 58.** AS 06.55.990(19) is amended to read:

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

1 * **Sec. 59.** AS 06.55.990(20) is amended to read:

2 (20) "person" means an individual, general partnership, limited
3 partnership, [A] corporation, [A BUSINESS] trust, [AN ESTATE, A TRUST, A
4 PARTNERSHIP, A] limited liability company, [AN] association, [A] joint stock
5 corporation [VENTURE, A GOVERNMENT, A GOVERNMENTAL
6 SUBDIVISION, AN AGENCY, OR AN INSTRUMENTALITY, A PUBLIC
7 CORPORATION], or any other legal or corporate [COMMERCIAL] entity identified
8 by the department;

9 * **Sec. 60.** AS 06.55.990(22) is amended to read:

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

14 * **Sec. 61.** AS 06.55.990(23) is amended to read:

15 (23) "stored value"

16 (A) means

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

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

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

25 * **Sec. 62.** AS 06.55.990(24) is amended to read:

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

1 * **Sec. 63.** AS 06.55.990 is amended by adding new paragraphs to read:

2 (25) "accredited state" means a state agency that is accredited by an
3 organization that the department determines is a nationally recognized association of
4 state bank supervisors and money transmitter regulators for money transmission
5 licensing and supervision;

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

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

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

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

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

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

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

31 (33) "eligible rating service" means a nationally recognized statistical

1 rating organization, as determined by the United States Securities and Exchange
2 Commission, and any other nationally recognized statistical rating organization
3 designated by the department by regulation;

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

8 (35) "individual" means a natural person;

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

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

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

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

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

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

23 (42) "outstanding money transmission obligation" means

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

29 (B) money received for transmission by the licensee or an
30 authorized delegate in the United States from a person located in the United
31 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 department
7 determines is a nationally recognized multistate licensing system to use as a multistate
8 licensing process;

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

12 (45) "virtual currency"

13 (A) means a digital representation of value that

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

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

17 (B) does not mean

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

22 (ii) a digital representation of value issued by or on behalf
23 of a publisher and used solely within an online game, game platform, or
24 family of games sold by the same publisher or offered on the same game
25 platform;

26 (46) "virtual currency administration" means issuing virtual currency
27 with the authority to redeem the currency for money, bank credit, or other virtual
28 currency;

29 (47) "virtual currency business activity" means

30 (A) exchanging, transferring, or storing virtual currency or
31 engaging in virtual currency administration, whether directly or through an

1 agreement with a virtual currency control services vendor;

2 (B) holding electronic precious metals or electronic certificates
3 representing interests in precious metals on behalf of another person or issuing
4 shares or electronic certificates representing interests in precious metals; or

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

7 (i) virtual currency offered by or on behalf of the same
8 publisher from which the original digital representation of value was
9 received; or

10 (ii) money or bank credit outside the online game, game
11 platform, or family of games offered by or on behalf of the same
12 publisher from which the original digital representation of value was
13 received;

14 (48) "virtual currency control services vendor" means a person that has
15 control of virtual currency solely under an agreement with a person that, on behalf of
16 another person, assumes control of virtual currency;

17 (49) "virtual currency exchange" means to

18 (A) assume control of virtual currency from or on behalf of a
19 person, at least momentarily;

20 (B) sell, trade, or convert

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

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

24 (50) "virtual currency transfer" means to assume control of virtual
25 currency from or on behalf of a person and to

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

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

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

30 * **Sec. 64.** AS 06.55.995 is amended to read:

31 **Sec. 06.55.995. Short title.** This chapter may be cited as the Alaska Uniform

1 Money **Transmission Modernization** [SERVICES] Act.

2 * **Sec. 65.** AS 12.62.400(b) is amended to read:

3 (b) Notwithstanding (a) of this section, an applicant for a license under AS 06.60
4 **or a person controlling a licensee or an applicant for a license under AS 06.55,**
5 **seeking to acquire control of a licensee under AS 06.55, or acting as a key**
6 **individual under AS 06.55** may submit the applicant's fingerprints to the Nationwide
7 Mortgage Licensing System and Registry. In this subsection, "Nationwide Mortgage
8 Licensing System and Registry" has the meaning given in 12 U.S.C. 5102.

9 * **Sec. 66.** AS 34.45 is amended by adding a new section to read:

10 **Sec. 34.45.165. Virtual currency.** (a) Virtual currency is presumed abandoned
11 five years after the later of the following:

12 (1) the date on which the holder of the virtual currency last sends a
13 written or electronic communication to the apparent owner that is returned as
14 undeliverable; or

15 (2) the date on which the apparent owner last exercises an act of
16 ownership in the virtual currency.

17 (b) The presumption in (a) of this section does not apply if the apparent owner
18 sends a written or electronic communication to the holder of the virtual currency in the
19 preceding five years.

20 (c) In this section, "an act of ownership in the virtual currency" includes

21 (1) performing a transaction using the virtual currency or account in
22 which the virtual currency is held, including buying or selling the virtual currency or
23 making deposits into or withdrawals from the account;

24 (2) electronically accessing the virtual currency or account in which the
25 virtual currency is held;

26 (3) performing an activity using another virtual currency or account in
27 which the virtual currency is held that is owned by the apparent owner if the holder of
28 the virtual currency or account is also the holder of the other virtual currency or account;
29 or

30 (4) taking another action that reasonably demonstrates to the holder of
31 the virtual currency or account in which the virtual currency is held that the apparent

owner knows the property exists.

* **Sec. 67.** AS 34.45.280(b) is amended to read:

(b) The report must be made on a form bearing a notice that statements are made under penalty of unsworn falsification and must include

(1) except with respect to traveler's checks and money orders, the name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of property, the value of which is \$100 or more, presumed abandoned under AS 34.45.110 - 34.45.430 and other statutes specifically made subject to this reporting requirement;

(2) in the case of unclaimed money amounting to \$100 or more, held or owing under a life or endowment insurance policy or annuity contract, the full name and last known address of the insured or annuitant and of the beneficiary or other person who is entitled to the proceeds according to the records of the insurance company holding or owing the funds;

(3) in the case of the contents of a safe deposit box or other safekeeping repository or of other tangible personal property, a description of the property and the place where it is held and may be inspected by the department and any amounts owing to the holder;

(4) in the case of virtual currency, the type of virtual currency, quantity of virtual currency, valuation of the virtual currency in dollars on the date that the virtual currency was presumed abandoned, and whether the holder of the virtual currency has full control of the necessary private keys required to transfer the virtual currency;

(5) [(4)] the nature and identifying number, if any, or description of the property and the amount appearing from the records to be due; items of value under \$100 each may be reported in the aggregate;

(6) [(5)] the date the property became payable, demandable, or returnable, and the date of the last transaction with the apparent owner with respect to the property; and

(7) [(6)] other information that the department prescribes by regulation as necessary for the administration of this chapter.

1 * **Sec. 68.** AS 34.45.320(a) is amended to read:

2 (a) Except as otherwise provided in (b) **or (e)** of this section, a person who is
3 required to file a report under AS 34.45.280, shall, at the time of filing the report under
4 that section, pay or deliver to the administrator all of the property shown on the report
5 and remaining unclaimed by the apparent owner. Upon written request showing good
6 cause, the administrator may postpone the payment or delivery upon the terms or
7 conditions the administrator considers necessary and appropriate. The property paid or
8 delivered to the administrator must include all interest, dividends, increments, and
9 accretions due, payable, or distributable on the property at the time of filing the report.
10 If payment or delivery is postponed, the property paid or delivered to the administrator
11 must include all interest, dividends, increments, and accretions due, payable, or
12 distributable on the day that the property is paid or delivered to the administrator.

13 * **Sec. 69.** AS 34.45.320 is amended by adding a new subsection to read:

14 (e) The holder of a virtual currency shall pay or deliver the virtual currency to
15 the administrator in the native form of the virtual currency. If the holder is unable to pay
16 or deliver the virtual currency to the administrator, the holder shall maintain possession
17 of the virtual currency until the holder is able to pay or deliver the virtual currency, the
18 requirements under (b) of this section are met, or an election not to receive custody of
19 the virtual currency is made by the department under AS 34.45.410(a). If payment or
20 delivery of the virtual currency to the administrator is not practical or the administrator
21 holding the virtual currency is uneconomical despite the best efforts of the
22 administrator, the administrator may postpone delivery of the virtual currency upon the
23 terms or conditions the administrator considers necessary and appropriate.

24 * **Sec. 70.** AS 34.45.380 is amended by adding a new subsection to read:

25 (g) If a holder is in possession of virtual currency because payment or delivery
26 was postponed under AS 34.45.320(a) or (e), a person, excluding another state, claiming
27 an interest in the virtual currency may file a claim in the form and bearing the notice
28 required under (a) of this section. If the claim is allowed and the holder is able to pay or
29 deliver the virtual currency, the holder shall pay or deliver the virtual currency to the
30 claimant upon receiving notice from the department. If the holder pays or delivers the
31 virtual currency to the claimant in good faith under this subsection and another person

1 subsequently claims the virtual currency from the holder or another state claims the
2 virtual currency under the laws of the other state relating to escheat or unclaimed
3 property, the department shall defend the holder against the claim and indemnify the
4 holder against liability on the claim upon receiving written notice of the claim.

5 * **Sec. 71.** AS 34.45.390(c) is amended to read:

6 (c) The department shall require a state, before recovering property under this
7 section, to agree to indemnify this state, **this state's** [AND ITS] officers and employees,
8 **and, if applicable, a holder paying or delivering possession of virtual currency**
9 **under (d) of this section** against liability on a claim for the property.

10 * **Sec. 72.** AS 34.45.390 is amended by adding a new subsection to read:

11 (d) If a holder is in possession of virtual currency because payment or delivery
12 was postponed under AS 34.45.320(a) or (e), another state may make a claim to recover
13 abandoned virtual currency in the form required under (b) of this section. The
14 department shall allow the claim if the department determines that the other state is
15 entitled to the abandoned virtual currency under (a) of this section. If the claim is
16 allowed and the holder is able to pay or deliver the virtual currency, the holder shall pay
17 or deliver possession of the virtual currency to the other state upon receiving notice from
18 the department.

19 * **Sec. 73.** AS 34.45.760(11) is amended to read:

20 (11) "intangible property"

21 (A) includes

22 (i) money, checks, drafts, warrants, deposits, interest,
23 dividends, [AND] income, **and virtual currency**;

24 (ii) credit balances, customer overpayments, gift
25 certificates, security deposits, refunds, credit memos, unpaid wages, and
26 unidentified remittances;

27 (iii) stocks and other intangible equity interests in
28 business associations;

29 (iv) money deposited to redeem stocks, bonds, coupons,
30 and other securities, or to make distributions;

31 (v) amounts due and payable under the terms of

1 insurance policies;

2 (vi) amounts distributable from a trust or custodial fund
3 established under a plan to provide health, welfare, pension, vacation,
4 severance, retirement, death, stock purchase, profit-sharing, employee
5 savings, supplemental unemployment insurance, or similar benefits; and

6 (vii) amounts due and payable as mineral proceeds;

7 (B) does not include

8 (i) unused airline tickets;

9 (ii) shares of stock issued by a corporation organized
10 under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act) or
11 unclaimed dividends payable on the shares of stock; or

12 (iii) overpaid contributions by employers to the
13 unemployment compensation fund under AS 23.20.130;

14 * **Sec. 74.** AS 34.45.760 is amended by adding new paragraphs to read:

15 (20) "blockchain" includes data that is

16 (A) shared across a peer-to-peer network to create a ledger of
17 verified transactions or information among network participants that is linked
18 together using cryptography to maintain the integrity of the ledger and execute
19 other functions; or

20 (B) distributed among network participants automatically to
21 concurrently update the network participants on the state of a ledger and other
22 functions;

23 (21) "private key" means a unique element of cryptographic data used
24 for signing transactions on a blockchain and that is known to the owner of the element;

25 (22) "virtual currency" has the meaning given in AS 06.55.990.

26 * **Sec. 75.** AS 06.55.103, 06.55.104, 06.55.107, 06.55.201, 06.55.202, 06.55.203, 06.55.204,
27 06.55.402, 06.55.406(b), 06.55.502(c), 06.55.702(b), 06.55.820, 06.55.850(e), 06.55.890,
28 06.55.990(5), 06.55.990(6), 06.55.990(8), 06.55.990(9), 06.55.990(12), 06.55.990(13),
29 06.55.990(14), 06.55.990(16), 06.55.990(17), and 06.55.990(18) are repealed.

30 * **Sec. 76.** The uncoded law of the State of Alaska is amended by adding a new section to
31 read:

1 INDIRECT COURT RULE AMENDMENT. AS 06.55.605(b), enacted by sec. 38 of
2 this Act, has the effect of changing Rules 79 and 82, Alaska Rules of Civil Procedure, by
3 changing the award of court costs and attorney fees in certain cases.

4 * **Sec. 77.** The uncoded law of the State of Alaska is amended by adding a new section to
5 read:

6 TRANSITION: EXISTING CONTRACTS, RIGHTS, LIABILITIES, AND
7 OBLIGATIONS. Contracts, rights, liabilities, and obligations created by or under a law
8 repealed or amended by secs. 1 - 65 and 75 - 78 of this Act, and in effect on the day before the
9 effective date of the repeal or amendment, remain in effect notwithstanding secs. 1 - 65 and 75
10 - 78 of this Act taking effect.

11 * **Sec. 78.** The uncoded law of the State of Alaska is amended by adding a new section to
12 read:

13 TRANSITION: CURRENT MONEY SERVICES LICENSEES. A person that has a
14 valid money services license or approval on June 30, 2027, may continue to operate under that
15 license or approval until the licensee renews the license under AS 06.55.106, as repealed and
16 reenacted by sec. 5 of this Act, or through July 1, 2028, whichever is later. In this section,

17 (1) "approval" means approval under AS 06.55.103, as that section read on
18 June 30, 2027;

19 (2) "money services licensee" has the meaning given in AS 06.55.990, as that
20 section read on June 30, 2027.

21 * **Sec. 79.** The uncoded law of the State of Alaska is amended by adding a new section to
22 read:

23 TRANSITION: REGULATIONS. (a) The Department of Commerce, Community, and
24 Economic Development may adopt regulations necessary to implement the changes made by
25 secs. 1 - 65 and 75 - 78 of this Act. The regulations take effect under AS 44.62 (Administrative
26 Procedure Act), but not before the effective date of the law implemented by the regulation.

27 (b) The Department of Revenue may adopt regulations necessary to implement the
28 changes made by secs. 66 - 74 of this Act. The regulations take effect under AS 44.62
29 (Administrative Procedure Act), but not before the effective date of the law implemented by
30 the regulation.

31 * **Sec. 80.** The uncoded law of the State of Alaska is amended by adding a new section to

1 read:

2 CONDITIONAL EFFECT. AS 06.55.605(b), enacted by sec. 38 of this Act, takes effect
3 only if sec. 76 of this Act receives the two-thirds majority vote of each house required by art.
4 IV, sec. 15, Constitution of the State of Alaska.

5 * **Sec. 81.** Section 79 of this Act takes effect immediately under AS 01.10.070(c).

6 * **Sec. 82.** Sections 1 - 65 and 75 - 78 of this Act take effect July 1, 2027.