

HOUSE BILL NO. 180

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES FANSLER, Kito

Introduced: 3/14/17

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to money transmission and currency exchange businesses; relating to**
2 **transmitting value that substitutes for money; relating to licensing requirements and**
3 **registration through the Nationwide Multistate Licensing System and Registry; relating**
4 **to surety bonding requirements; authorizing certain licensees to contract to use**
5 **subdelegates for reloading funds on certain stored-value cards; relating to record**
6 **retention, reporting requirements, and enforcement provisions; relating to exemptions;**
7 **relating to money services Internet activities; relating to transmitting value and**
8 **currency; and providing for an effective date."**

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

10 *** Section 1.** AS 06.55.101(a) is amended to read:

11 (a) **Unless exempt under AS 06.55.802, a** [A] person may not engage in the
12 business of money transmission or advertise, solicit, or hold the person out as

1 providing money transmission unless the person

2 (1) holds a money transmission license; or

3 (2) is an authorized delegate of a person who holds a money
4 transmission license.

5 * **Sec. 2.** AS 06.55.101 is amended by adding a new subsection to read:

6 (c) A person required to be licensed under AS 06.55.101 - 06.55.106 shall
7 register with the registry and maintain a valid unique identifier issued by the registry.

8 * **Sec. 3.** AS 06.55.102 is repealed and reenacted to read:

9 **Sec. 06.55.102. Application for license.** An application for a money
10 transmission license must

11 (1) be in a format established by the department;

12 (2) contain complete information required by the department;

13 (3) include each control person's fingerprints for submission to the
14 Department of Public Safety or the Federal Bureau of Investigation and any
15 governmental agency or entity authorized to receive that information to obtain a report
16 of criminal justice information and a national criminal history record check;

17 (4) include personal history and experience in a format established by
18 the department to obtain

19 (A) an independent credit report from a consumer reporting
20 agency; and

21 (B) information related to administrative, civil, or criminal
22 findings by a governmental jurisdiction;

23 (5) contain other information or supporting material that the
24 department may require concerning the applicant, including the organization and
25 operations of an applicant for a money transmission license and the financial
26 responsibility, background, experience, and activities of the applicant;

27 (6) include a nonrefundable application fee and an initial license fee, as
28 established by the department; and

29 (7) include a surety bond as required by AS 06.55.104.

30 * **Sec. 4.** AS 06.55.104(a) is amended to read:

31 (a) A [EXCEPT AS OTHERWISE PROVIDED IN (b) OF THIS SECTION,

1 A] surety bond [, A LETTER OF CREDIT, OR ANOTHER SIMILAR SECURITY
 2 ACCEPTABLE TO THE DEPARTMENT IN THE AMOUNT OF \$25,000 PLUS
 3 \$5,000 FOR EACH LOCATION, NOT EXCEEDING A TOTAL ADDITION OF
 4 \$125,000,] must accompany an application for a money transmission license. **The**
 5 **surety bond must be at least \$25,000 and may not exceed \$1,000,000 as**
 6 **established by the department.**

7 * **Sec. 5.** AS 06.55.104(b) is amended to read:

8 (b) **The surety bond** [SECURITY] must be in a form satisfactory to the
 9 department and payable to the state for the benefit of **the state and any person who**
 10 **suffers loss because of a violation of this chapter by** a [CLAIMANT AGAINST
 11 THE] money transmission licensee **or** [TO SECURE THE FAITHFUL
 12 PERFORMANCE OF THE OBLIGATIONS OF] the money transmission **licensee's**
 13 **authorized delegate** [LICENSEE WITH RESPECT TO MONEY TRANSMISSION].

14 * **Sec. 6.** AS 06.55.104(d) is amended to read:

15 (d) A surety bond must cover claims for as long as the department specifies,
 16 but for at least five years after **the date** the money transmission licensee **stops**
 17 **providing** [CEASES TO PROVIDE] money services in this state. **The** [HOWEVER,
 18 THE] department may permit the amount of security to be reduced or eliminated
 19 before the expiration of that time to the extent the amount of the money transmission
 20 licensee's payment instruments or stored-value obligations outstanding [IN THIS
 21 STATE] is reduced. [THE DEPARTMENT MAY PERMIT A MONEY
 22 TRANSMISSION LICENSEE TO SUBSTITUTE ANOTHER FORM OF
 23 SECURITY ACCEPTABLE TO THE DEPARTMENT FOR THE SECURITY
 24 EFFECTIVE AT THE TIME THE MONEY TRANSMISSION LICENSEE CEASES
 25 TO PROVIDE MONEY SERVICES IN THIS STATE.]

26 * **Sec. 7.** AS 06.55.104 is amended by adding new subsections to read:

27 (g) The surety bond must be obtained from a surety company authorized to do
 28 business in this state.

29 (h) If a money transmission licensee does not maintain a surety bond in the
 30 amount required under (a) of this section, the department may issue an order under
 31 AS 06.55.603.

1 * **Sec. 8.** AS 06.55.105(a) is amended to read:

2 (a) When an application is filed under AS 06.55.102, the department shall
3 investigate the applicant's financial condition and responsibility, financial and business
4 experience, **competence**, character, and general fitness. The department may conduct
5 an [ON-SITE] investigation of the applicant, the reasonable cost of which the
6 applicant shall pay. The department shall issue a **money transmission** license to an
7 applicant under AS 06.55.102 if the department finds that all of the following
8 conditions have been fulfilled:

9 (1) the applicant has complied with **the requirements of this chapter**
10 **for obtaining the license** [AS 06.55.102, 06.55.104, AND 06.55.107]; [AND]

11 (2) the financial condition and responsibility, financial and business
12 experience, **competence**, character, and general fitness of the applicant [, AND THE
13 COMPETENCE, EXPERIENCE, CHARACTER, AND GENERAL FITNESS OF
14 THE EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, AND PERSONS IN
15 CONTROL OF THE APPLICANT] indicate that it is in the interest of the public to
16 permit the applicant to engage in money transmission; **and**

17 **(3) the applicant, including any employees or independent**
18 **contractors of the applicant, is not listed on the Specially Designated Nationals**
19 **and Blocked Persons List or any other Office of Foreign Assets Control sanctions**
20 **list prepared by the United States Department of the Treasury or the United**
21 **States Department of the Treasury's designated successor agency.**

22 * **Sec. 9.** AS 06.55.105(b) is amended to read:

23 (b) When an application for an original money transmission license under
24 AS 06.55.102 is complete, the department shall promptly notify the applicant in a
25 record of the date on which the application was determined to be complete, and

26 [(1)] the department shall approve or deny the application **not later**
27 **than** [WITHIN] 120 days after that date [; OR

28 (2) IF THE APPLICATION IS NOT APPROVED OR DENIED
29 WITHIN 120 DAYS AFTER THAT DATE,

30 (A) THE APPLICATION IS APPROVED; AND

31 (B) THE MONEY TRANSMISSION LICENSE TAKES

1 EFFECT AS OF THE FIRST BUSINESS DAY AFTER EXPIRATION OF
2 THE 120-DAY PERIOD].

3 * **Sec. 10.** AS 06.55.105(d) is amended to read:

4 (d) An applicant whose application under AS 06.55.102 is denied by the
5 department under AS 06.55.101 - 06.55.108 [AS 06.55.101 - 06.55.107] may appeal,
6 **not later than** [WITHIN] 30 days after receipt of the notice of the denial, and request
7 a hearing.

8 * **Sec. 11.** AS 06.55.105 is amended by adding a new subsection to read:

9 (f) A money transmission license issued under AS 06.55.101 - 06.55.106
10 remains in effect until December 31 of the year in which the money transmission
11 license is issued, unless the money transmission license is revoked, suspended, or
12 surrendered.

13 * **Sec. 12.** AS 06.55.106 is repealed and reenacted to read:

14 **Sec. 06.55.106. Renewal of money transmission license.** (a) To renew a
15 money transmission license, a money transmission licensee shall submit to the
16 department a

17 (1) renewal application at a time and in a format established by the
18 department;

19 (2) renewal fee as established by the department; and

20 (3) report identifying any changes in the information that the money
21 transmission licensee previously provided and any additional information requested by
22 the department.

23 (b) The department shall approve or deny the application for renewal of a
24 money transmission license not later than 60 days after the renewal application is
25 filed.

26 (c) An applicant whose renewal application is denied by the department under
27 this section may appeal, not later than 30 days after receipt of the notice of the denial,
28 and request a hearing.

29 * **Sec. 13.** AS 06.55 is amended by adding a new section to article 1 to read:

30 **Sec. 06.55.108. Annual assessment fee and annual report.** (a) A money
31 transmission licensee shall pay an annual assessment fee as established by the

1 department not later than the annual assessment fee due date or, if the annual
 2 assessment fee due date is not a business day, on the next business day. The
 3 department shall establish the annual assessment fee in regulation.

4 (b) A money transmission licensee shall submit an accurate annual report with
 5 the annual assessment fee in a format established by the department.

6 (c) If a money transmission licensee does not file an annual report or pay the
 7 annual assessment fee by the annual assessment fee due date, the department may
 8 assess the licensee a late fee, and may impose another consequence, as established by
 9 the department in regulation.

10 * **Sec. 14.** AS 06.55.201(a) is amended to read:

11 (a) **Unless exempt under AS 06.55.802, a** [A] person may not engage in **the**
 12 **business of** currency exchange or advertise, solicit, or hold the person out as providing
 13 currency exchange for which the person receives **revenue** [REVENUES] equal or
 14 greater than five percent of total **revenue** [REVENUES] unless the person

15 (1) holds a currency exchange license; **or**

16 (2) holds a money transmission license [; OR

17 (3) IS AN AUTHORIZED DELEGATE OF A PERSON WHO
 18 HOLDS A MONEY TRANSMISSION LICENSE].

19 * **Sec. 15.** AS 06.55.201 is amended by adding a new subsection to read:

20 (c) A person required to be licensed under AS 06.55.201 - 06.55.206 shall
 21 register with the registry and maintain a valid unique identifier issued by the registry.

22 * **Sec. 16.** AS 06.55.202 is repealed and reenacted to read:

23 **Sec. 06.55.202. Application for currency exchange license.** An application
 24 for a currency exchange license must

25 (1) be in a format established by the department;

26 (2) contain complete information required by the department;

27 (3) include each control person's fingerprints for submission to the
 28 Department of Public Safety or the Federal Bureau of Investigations and any
 29 governmental agency or entity authorized to receive that information to obtain a report
 30 of criminal justice information and a national criminal history record check;

31 (4) include personal history and experience in a format established by

1 the department to obtain

2 (A) an independent credit report from a consumer reporting
3 agency; and

4 (B) information related to administrative, civil, or criminal
5 findings by a governmental jurisdiction;

6 (5) contain other information or supporting material that the
7 department may require concerning the applicant, including the organization and
8 operations of an applicant for a currency exchange license and the financial
9 responsibility, background, experience, and activities of the applicant;

10 (6) include a nonrefundable application fee and an initial license fee, as
11 established by the department;

12 (7) include a surety bond as required by AS 06.55.206.

13 * **Sec. 17.** AS 06.55.203(a) is amended to read:

14 (a) When an application [FOR A CURRENCY EXCHANGE LICENSE] is
15 filed under **AS 06.55.202** [AS 06.55.201 - 06.55.204], the department shall investigate
16 the applicant's financial condition and responsibility, financial and business
17 experience, **competence**, character, and general fitness. The department may conduct
18 an [ON-SITE] investigation of the applicant, the reasonable cost of which the
19 applicant shall pay. The department shall issue a currency exchange license to an
20 applicant under **AS 06.55.202** [AS 06.55.201 - 06.55.204] if the department finds that
21 all of the following conditions have been fulfilled:

22 (1) the applicant has complied with **the requirements of this chapter**
23 **for obtaining the currency exchange license under** AS 06.55.202; [AND]

24 (2) the financial condition and responsibility, financial and business
25 experience, **competence**, character, and general fitness of the applicant [, AND THE
26 COMPETENCE, EXPERIENCE, CHARACTER, AND GENERAL FITNESS OF
27 THE EXECUTIVE OFFICERS, MANAGERS, DIRECTORS, AND PERSONS IN
28 CONTROL OF THE APPLICANT] indicate that it is in the interest of the public to
29 permit the applicant to engage in currency exchange; **and**

30 **(3) the applicant, including any employees or independent**
31 **contractors of the applicant, is not listed on the Specially Designated Nationals**

1 **and Blocked Persons List or any other Office of Foreign Assets Control sanctions**
 2 **list prepared by the United States Department of the Treasury or its designated**
 3 **successor agency.**

4 * **Sec. 18.** AS 06.55.203(b) is amended to read:

5 (b) When an application for an original currency exchange license under
 6 **AS 06.55.202** [AS 06.55.201 - 06.55.204] is complete, the department shall promptly
 7 notify the applicant in a record of the date on which the application was determined to
 8 be complete, and

9 [(1)] the department shall approve or deny the application **not later**
 10 **than** [WITHIN] 120 days after that date [; OR

11 (2) IF THE APPLICATION IS NOT APPROVED OR DENIED
 12 WITHIN 120 DAYS AFTER THAT DATE,

13 (A) THE APPLICATION IS APPROVED; AND

14 (B) THE DEPARTMENT SHALL ISSUE THE CURRENCY
 15 EXCHANGE LICENSE UNDER AS 06.55.201 - 06.55.204 TO TAKE
 16 EFFECT AS OF THE FIRST BUSINESS DAY AFTER EXPIRATION OF
 17 THE PERIOD].

18 * **Sec. 19.** AS 06.55.203(d) is amended to read:

19 (d) An applicant whose application **under AS 06.55.202** is denied by the
 20 department under **AS 06.55.201 - 06.55.206** [AS 06.55.201 - 06.55.204] may appeal
 21 **the denial not later than** [, WITHIN] 30 days after receipt of the notice of the denial,
 22 [FROM THE DENIAL] and request a hearing.

23 * **Sec. 20.** AS 06.55.203 is amended by adding a new subsection to read:

24 (e) A currency exchange license issued under AS 06.55.201 - 06.55.206
 25 remains in effect until December 31 of the year in which the currency exchange
 26 license is issued, unless the license is revoked, suspended, or surrendered.

27 * **Sec. 21.** AS 06.55.204 is repealed and reenacted to read:

28 **Sec. 06.55.204. Renewal of license.** (a) To renew a currency exchange license,
 29 the currency exchange licensee shall submit to the department a

30 (1) renewal application at a time and in a format established by the
 31 department;

1 (2) renewal fee as established by the department; and

2 (3) report identifying any changes in the information previously
3 provided by the currency exchange licensee and any additional information requested
4 by the department.

5 (b) The department shall approve or deny the application for renewal of a
6 currency exchange license not later than 60 days after the renewal application is filed.

7 (c) An applicant whose renewal application is denied by the department under
8 this section may appeal, not later than 30 days after receipt of the notice of the denial,
9 and request a hearing.

10 * **Sec. 22.** AS 06.55 is amended by adding new sections to article 2 to read:

11 **Sec. 06.55.206. Security.** (a) A surety bond must accompany an application
12 for a currency exchange license. The surety bond must be at least \$25,000 and may not
13 exceed \$1,000,000 as established by the department.

14 (b) The surety bond must be in a form satisfactory to the department and
15 payable to this state for the benefit of this state and any person or persons who suffer
16 loss because of a violation of this chapter by a currency exchange licensee or a
17 currency exchange licensee's authorized delegate.

18 (c) The aggregate liability on a surety bond may not exceed the principal sum
19 of the bond. A claimant against a currency exchange licensee may maintain an action
20 on the bond, or the department may maintain an action on behalf of the claimant.

21 (d) A surety bond must cover claims for as long as the department specifies,
22 but for at least five years after the date the currency exchange licensee stops providing
23 currency exchange in this state. The department may permit the amount of security to
24 be reduced or eliminated before the expiration of that time to the extent the amount of
25 the currency exchange licensee's outstanding obligations in this state is reduced.

26 (e) The bond shall be obtained from a surety company authorized to do
27 business in this state.

28 (f) If a currency exchange licensee does not maintain a surety bond in the
29 amount required under (a) of this section, the department may issue an order under
30 AS 06.55.603.

31 **Sec. 06.55.207. Annual assessment fee and annual report.** (a) A currency

1 exchange licensee shall pay an annual assessment fee as established by the department
 2 not later than the annual assessment fee due date or, if the annual assessment fee due
 3 date is not a business day, on the next business day. The department shall establish the
 4 annual assessment fee.

5 (b) A currency exchange licensee shall submit an accurate annual report with
 6 the annual assessment fee in a format established by the department.

7 (c) If a currency exchange licensee does not file an annual report or pay the
 8 annual assessment fee by the annual assessment fee due date, the department may
 9 assess the currency exchange licensee a late fee, and may impose another
 10 consequence, as established by the department in regulation.

11 * **Sec. 23.** AS 06.55.301(b) is amended to read:

12 (b) An authorized delegate shall remit all money owing to the money services
 13 licensee under the terms of the contract between the money services licensee and the
 14 authorized delegate. In this subsection, "remit" means to make direct payments of
 15 money to a money services licensee or its representative authorized to receive the
 16 money, or to deposit the money in a bank, credit union, savings and loan
 17 association, or another similar financial institution in an account specified by the
 18 money services licensee.

19 * **Sec. 24.** AS 06.55.301(d) is amended to read:

20 (d) An authorized delegate may not provide money services outside the scope
 21 of activity permissible under the contract between the authorized delegate and the
 22 money services licensee, except activity in which the authorized delegate is authorized
 23 to engage under AS 06.55.101 - 06.55.206 [AS 06.55.101 - 06.55.204]. An authorized
 24 delegate of a money services licensee holds in trust for the benefit of the money
 25 services licensee all money net of fees received from money services
 26 [TRANSMISSION].

27 * **Sec. 25.** AS 06.55 is amended by adding a new section to article 3 to read:

28 **Sec. 06.55.304. Limited authorization of subdelegate.** (a) A money services
 29 licensee may contract with another money services licensee to use the other money
 30 services licensee's existing authorized delegate as a subdelegate to load funds on the
 31 first money services licensee's existing open-loop stored-value cards. If the

1 subdelegate sells new open-loop stored-value cards for the first licensee, the money
2 services licensee shall add the subdelegate to the licensee's authorized delegate roster.

3 (b) A money services licensee shall maintain all contracts under (a) of this
4 section as part of the licensee's books and records and make them available to the
5 department on request.

6 * **Sec. 26.** AS 06.55.401 is repealed and reenacted to read:

7 **Sec. 06.55.401. Authority to conduct examinations.** (a) A money services
8 licensee or another person subject to this chapter shall make available to the
9 department on request the place of business, books, records, accounts, safes, and
10 vaults relating to the operations of the money services licensee or other person subject
11 to this chapter. The department may interview any person, including a control person,
12 officer, principal, employee, authorized delegate, and customer of the money services
13 licensee or other person subject to this chapter concerning the licensee's or other
14 person's business.

15 (b) The department may conduct an examination or investigation of the books,
16 records, accounts, papers, documents, files, and other information used in the business
17 of a money services licensee or its authorized delegates in conjunction with
18 representatives of other state agencies or agencies of another state or the federal
19 government. The department may accept an examination report or investigation report
20 of an agency of this state, another state, or the federal government.

21 (c) A joint examination or investigation, or an acceptance of an examination
22 or investigation report, does not preclude the department from conducting an
23 examination or investigation under this chapter. A joint report or a report accepted
24 under this section is an official report of the department for all purposes.

25 (d) For the purpose of hearings, investigations, or other proceedings under this
26 chapter, the department or an officer designated by the department may administer
27 oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take
28 evidence, and require the production of books, papers, correspondence, memoranda,
29 agreements, or other documents or records that the department considers relevant or
30 material to the matter. Information obtained during an examination under this chapter
31 may be disclosed only as provided in AS 06.55.407.

1 (e) A person shall reimburse the department for reasonable costs incurred by
 2 the department to conduct an examination or investigation of the person under this
 3 section.

4 * **Sec. 27.** AS 06.55.402 is amended to read:

5 **Sec. 06.55.402. Cooperation; consultation.** The department may consult and
 6 cooperate with other state **and federal** [MONEY SERVICES] regulators in enforcing
 7 and administering this chapter. [THE DEPARTMENT AND OTHER STATE
 8 MONEY SERVICE REGULATORS MAY JOINTLY PURSUE EXAMINATIONS
 9 AND TAKE OTHER OFFICIAL ACTION THAT THEY ARE OTHERWISE
 10 EMPOWERED TO TAKE.]

11 * **Sec. 28.** AS 06.55.403(b) is repealed and reenacted to read:

12 (b) A money services licensee shall file with the department not later than 45
 13 days after the end of each fiscal quarter a report containing information about the
 14 licensee, its locations, authorized delegates, and other information required by the
 15 department. The department shall establish the content and format of the report.

16 * **Sec. 29.** AS 06.55.403(c) is amended to read:

17 (c) A money services licensee shall file a report with the department **not later**
 18 **than** [WITHIN] one business day after the money services licensee has reason to
 19 know of the occurrence of **one or more** [ANY] of the following events:

20 (1) the filing of a petition by or against the money services licensee
 21 under **11 U.S.C. 101 - 112** [11 U.S.C. 101 - 110] (Bankruptcy Code) for bankruptcy or
 22 reorganization;

23 (2) the filing of a petition by or against the money services licensee for
 24 receivership, the commencement of any other judicial or administrative proceeding for
 25 its dissolution or reorganization, or the making of a general assignment for the benefit
 26 of its creditors;

27 (3) the commencement of a proceeding to revoke or suspend its money
 28 services license in a state or country in which the money services licensee engages in
 29 business or is licensed;

30 (4) the cancellation or other impairment of the money services
 31 licensee's bond [OR OTHER SECURITY];

1 (5) a charge against or conviction of the money services licensee or of
 2 an [EXECUTIVE] officer, manager, director, or **control** person [IN CONTROL] of
 3 the money services licensee for a felony; or

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

6 * **Sec. 30.** AS 06.55.403 is amended by adding a new subsection to read:

7 (d) The department may establish a late fee or other consequence for a money
 8 services licensee who fails to file a report as required by this section.

9 * **Sec. 31.** AS 06.55.404(a) is amended to read:

10 (a) A money services licensee shall

11 (1) give the department notice in a record **30 days before** [OF] a
 12 proposed change of control [WITHIN 15 DAYS AFTER LEARNING OF THE
 13 PROPOSED CHANGE OF CONTROL];

14 (2) request approval of the **change of control by submitting the**
 15 **information required by the department** [ACQUISITION]; and

16 (3) submit a nonrefundable fee with the notice **as required by the**
 17 **department.**

18 * **Sec. 32.** AS 06.55.404(d) is amended to read:

19 (d) When an application for a change of control [UNDER AS 06.55.401 -
 20 06.55.407] is complete, the department shall notify the money services licensee in a
 21 record of the date on which the request was determined to be complete, and

22 [(1)] the department shall approve or deny the request **not later than**
 23 [WITHIN] 120 days after that date [; OR

24 (2) IF THE REQUEST IS NOT APPROVED OR DENIED WITHIN
 25 120 DAYS AFTER THAT DATE,

26 (A) THE REQUEST IS APPROVED; AND

27 (B) THE DEPARTMENT SHALL PERMIT THE CHANGE
 28 OF CONTROL UNDER THIS SECTION, TO TAKE EFFECT AS OF THE
 29 FIRST BUSINESS DAY AFTER EXPIRATION OF THE PERIOD].

30 * **Sec. 33.** AS 06.55.405(a) is amended to read:

31 (a) A money services licensee shall maintain the following records for

1 determining its compliance with this chapter for at least **five** [THREE] years:

2 (1) a record of each payment instrument or stored-value obligation
3 sold;

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

6 (3) bank statements and bank reconciliation records;

7 (4) records of outstanding payment instruments and stored-value
8 obligations;

9 (5) records of each payment instrument and stored-value obligation
10 paid within the **five-year** [THREE-YEAR] period;

11 (6) a list of the last known names and addresses of all of the money
12 services licensee's authorized delegates; [AND]

13 (7) **copies of all currency transaction reports and suspicious**
14 **activity reports filed in compliance with AS 06.55.406; and**

15 **(8)** any other records the department reasonably requires by regulation.

16 * **Sec. 34.** AS 06.55.405(b) is amended to read:

17 (b) The items specified in (a) of this section **shall** [MAY] be **provided**
18 [MAINTAINED] in **a format established by the department** [ANY FORM OF
19 RECORD].

20 * **Sec. 35.** AS 06.55.406(a) is amended to read:

21 (a) A money services licensee and an authorized delegate shall file with the
22 **United States Department of the Treasury, or its designated successor agency,**
23 [ATTORNEY GENERAL] all reports required by federal currency reporting, record
24 keeping, and suspicious transaction reporting requirements as set out in **31 U.S.C.**
25 **5311 - 5332** [31 U.S.C. 5311, 31 C.F.R. 103,] and other federal and state laws
26 pertaining to money laundering.

27 * **Sec. 36.** AS 06.55.407(b) is amended to read:

28 (b) The department may disclose information that is not otherwise subject to
29 disclosure under (a) of this section to representatives of state or federal agencies who
30 **agree in writing to** [PROMISE IN A RECORD THAT THEY WILL] maintain the
31 confidentiality of the information or if the department finds that the release is

1 reasonably necessary for the protection of the public and in the interests of justice [,
 2 AND THE MONEY SERVICES LICENSEE HAS BEEN GIVEN PREVIOUS
 3 NOTICE BY THE DEPARTMENT OF ITS INTENT TO RELEASE THE
 4 INFORMATION].

5 * **Sec. 37.** AS 06.55.407(c) is amended to read:

6 (c) This section does not prohibit the department from disclosing to the public

7 **(1) a list of money services licensees or authorized delegates,**
 8 **including addresses and the names of contact individuals;**

9 **(2) the identity of a money services licensee or authorized delegate**
 10 **subject to an emergency or final order of the department; or**

11 **(3) the aggregated financial data of [CONCERNING THOSE] money**
 12 **services licensees.**

13 * **Sec. 38.** AS 06.55.501(a) is amended to read:

14 (a) **Except as provided in (b) of this section, a** [A] money services licensee
 15 shall maintain at all times permissible investments that have a market value computed
 16 under generally accepted accounting principles of not less than the aggregate amount
 17 of all of its outstanding payment instruments and **stored-value** [STORED VALUE]
 18 obligations issued or sold in all states and money transmitted from all states by the
 19 money services licensee.

20 * **Sec. 39.** AS 06.55.501(c) is amended to read:

21 (c) **A permissible investment subject to this section** [PERMISSIBLE
 22 INVESTMENTS], even if commingled with other assets of the money services
 23 licensee, **is considered by operation of law to be** [ARE] held in trust for the benefit
 24 of **any individual to whom an obligation arising under this chapter is owed by the**
 25 **money services licensee and may not be considered an asset or property of the**
 26 **money services licensee** [THE PURCHASERS AND HOLDERS OF THE MONEY
 27 SERVICES LICENSEE'S OUTSTANDING PAYMENT INSTRUMENTS AND
 28 STORED VALUE OBLIGATIONS] in the event of bankruptcy, [OR] receivership, **or**
 29 **a claim against** [OF] the money services licensee **unrelated to any of the money**
 30 **services licensee's obligations under this chapter.**

31 * **Sec. 40.** AS 06.55.601 is amended to read:

1 **Sec. 06.55.601. Suspension and revocation; receivership.** (a) The
 2 department may **issue an order under AS 06.55.603 to** suspend or revoke a money
 3 services license, place a money services licensee in receivership, or order a money
 4 services licensee to revoke the designation of an authorized delegate if

5 (1) the money services licensee violates this chapter or a regulation
 6 adopted or an order issued under this chapter;

7 (2) the money services licensee does not **permit or** cooperate with an
 8 examination or investigation by the department;

9 (3) the money services licensee engages in fraud, intentional
 10 misrepresentation, or gross negligence;

11 (4) **a money services licensee or** an authorized delegate is convicted
 12 of a violation of a state or federal anti-money laundering statute **or a law listed in**
 13 **AS 06.55.860**, or violates a regulation adopted or an order issued under this chapter, as
 14 a result of the money services licensee's wilful misconduct or wilful blindness;

15 (5) the competence, experience, character, or general fitness of the
 16 money services licensee, authorized delegate, **control** person [IN CONTROL] of a
 17 money services licensee, or responsible person of the money services licensee or
 18 authorized delegate indicates that it is not in the public interest to permit the person to
 19 provide money services;

20 (6) the money services licensee engages in an unsafe or unsound
 21 practice;

22 (7) the money services licensee is insolvent, suspends payment of its
 23 obligations, or makes a general assignment for the benefit of its creditors; [OR]

24 (8) the money services licensee does not remove an authorized
 25 delegate after the department issues and serves upon the money services licensee a
 26 final order including a finding that the authorized delegate has violated this chapter;

27 **(9) a fact or condition exists that, if it had been known at the time**
 28 **the money services licensee applied for the license, would have been grounds for**
 29 **denying the application;**

30 **(10) the money services licensee engages in false, misleading, or**
 31 **deceptive advertising;**

1 **(11) the money services licensee fails to pay, not later than the 30th**
 2 **day after the date the stay of execution expires or is terminated, as applicable, a**
 3 **judgment entered in favor of a claimant or creditor in an action arising out of the**
 4 **money services licensee's activities under this chapter; or**

5 **(12) the money services licensee knowingly makes a material**
 6 **misstatement or suppresses or withholds material information on an application,**
 7 **request for approval, report, or other document required to be filed with the**
 8 **department under this chapter.**

9 (b) In determining whether a money services licensee is engaging in an unsafe
 10 or unsound practice, the department may consider the size and condition of the money
 11 services licensee's money transmission **or currency exchange**, the magnitude of the
 12 loss **or potential loss**, the gravity of the violation of this chapter **or a regulation**
 13 **adopted, an order issued under this chapter, or an action taken against the**
 14 **money services licensee by this state, another state, or the federal government,**
 15 and the previous conduct of the person involved.

16 * **Sec. 41.** AS 06.55.602 is amended to read:

17 **Sec. 06.55.602. Suspension and revocation of authorized delegates.** (a) The
 18 department may issue an order **under AS 06.55.603 to suspend or revoke**
 19 [SUSPENDING OR REVOKING] the designation of an authorized delegate **or the**
 20 **designation of a subdelegate** if [THE DEPARTMENT FINDS THAT]

21 (1) the authorized delegate **or subdelegate** violated this chapter, [OR]
 22 a regulation adopted or an order issued under this chapter, **or any other state or**
 23 **federal order enforcing a law applicable to a money services business;**

24 (2) the authorized delegate **or subdelegate** did not **permit or**
 25 cooperate with an examination or investigation by the department;

26 (3) **in connection with the operation of the delegate's business on**
 27 **behalf of the money services licensee or any transaction subject to this chapter,**
 28 the authorized delegate **or subdelegate has** engaged in fraud, intentional
 29 misrepresentation, **deceit,** [OR] gross negligence, **or an unfair or deceptive act or**
 30 **practice;**

31 (4) the authorized delegate **or subdelegate** is convicted of a violation

1 of a state or federal anti-money laundering statute or a law listed in AS 06.55.860;

2 (5) the competence, experience, character, or general fitness of the
3 authorized delegate or subdelegate, or a control person [IN CONTROL] of the
4 authorized delegate or subdelegate, indicates that it is not in the public interest to
5 permit the authorized delegate or subdelegate to provide money services; [OR]

6 (6) the authorized delegate or subdelegate is engaging in an unsafe or
7 unsound practice; or

8 (7) the authorized delegate, a control person of the authorized
9 delegate, or the subdelegate is listed on the Specially Designated Nationals List
10 and the List of Persons Identified as Blocked Solely Pursuant to Executive Order
11 13599, or any other Office of Foreign Assets Control sanctions list prepared by
12 the United States Department of the Treasury, or the United States Department
13 of the Treasury's designated successor agency.

14 (b) In determining whether an authorized delegate or subdelegate is engaging
15 in an unsafe or unsound practice, the department may consider the size and condition
16 of the authorized delegate's or subdelegate's provision of money services, the
17 magnitude of the loss or potential loss, the gravity of the violation of this chapter or a
18 regulation adopted, an [OR] order issued under this chapter, or an action taken
19 against the delegate or subdelegate by this state, another state, or the federal
20 government, and the previous conduct of the authorized delegate or subdelegate.

21 * **Sec. 42.** AS 06.55.603(a) is amended to read:

22 (a) If the department determines that a violation of this chapter, or of a
23 regulation adopted or an order issued under this chapter, by a person [MONEY
24 SERVICES LICENSEE OR AUTHORIZED DELEGATE] is likely to cause
25 immediate and irreparable harm to the person [MONEY SERVICES LICENSEE], the
26 person's [ITS] customers, or the public as a result of the violation, or cause
27 insolvency or significant dissipation of the assets of the person [MONEY SERVICES
28 LICENSEE], the department may issue an administrative order [REQUIRING THE
29 MONEY SERVICES LICENSEE OR AUTHORIZED DELEGATE TO CEASE
30 AND DESIST FROM THE VIOLATION]. The order becomes effective on service of
31 the order [IT] on the person [MONEY SERVICES LICENSEE OR AUTHORIZED

1 DELEGATE].

2 * **Sec. 43.** AS 06.55.603(b) is amended to read:

3 (b) The department may issue an order against a **person** [MONEY
4 SERVICES LICENSEE] to

5 **(1) stop** [CEASE AND DESIST FROM] providing money services;

6 **(2) compel payment of restitution to damaged parties;**

7 **(3) require affirmative action to comply with this chapter or a**
8 **regulation adopted under this chapter; and**

9 **(4) remove from office or prohibit from participation an officer,**
10 **control person, or employee** [THROUGH AN AUTHORIZED DELEGATE WHO
11 IS THE SUBJECT OF A SEPARATE ORDER BY THE DEPARTMENT].

12 * **Sec. 44.** AS 06.55.603(c) is amended to read:

13 (c) An order [TO CEASE AND DESIST] remains effective and enforceable
14 pending the completion of an administrative proceeding under **AS 06.55.701 or**
15 **06.55.702** [AS 06.55.601 OR 06.55.602].

16 * **Sec. 45.** AS 06.55.603(d) is amended to read:

17 (d) A **person** [MONEY SERVICES LICENSEE OR AN AUTHORIZED
18 DELEGATE] who is served with an order [TO CEASE AND DESIST] may petition
19 the superior court for a judicial order setting aside, limiting, or suspending the
20 enforcement, operation, or effectiveness of the order pending the completion of an
21 administrative proceeding under **AS 06.55.701 or 06.55.702** [AS 06.55.601 OR
22 06.55.602].

23 * **Sec. 46.** AS 06.55.607(a) is amended to read:

24 (a) If the department has reason to believe that a person **who is not a money**
25 **transmission licensee under AS 06.55.101, currency exchange licensee under**
26 **AS 06.55.201, authorized delegate under AS 06.55.301, or subdelegate under**
27 **AS 06.55.304** has violated or is violating AS 06.55.101 or 06.55.201, the department
28 may issue an order **under AS 06.55.603** [TO SHOW CAUSE WHY AN ORDER TO
29 CEASE AND DESIST SHOULD NOT ISSUE REQUIRING THAT THE PERSON
30 CEASE AND DESIST FROM THE VIOLATION OF AS 06.55.101 OR 06.55.201].

31 * **Sec. 47.** AS 06.55.607(c) is amended to read:

1 (c) An order [TO CEASE AND DESIST] becomes effective upon service of
 2 **the order on** [IT UPON] the person.

3 * **Sec. 48.** AS 06.55.607(d) is amended to read:

4 (d) An order [TO CEASE AND DESIST] remains effective and enforceable
 5 pending the completion of an administrative proceeding under AS 06.55.701 and
 6 06.55.702.

7 * **Sec. 49.** AS 06.55.607 is amended by adding a new subsection to read:

8 (g) An order issued by the department may include a monetary penalty in
 9 addition to a civil penalty authorized under AS 06.55.605 or established by regulation,
 10 if the department has reason to believe that a person who is not a money transmission
 11 licensee under AS 06.55.101, currency exchange licensee under AS 06.55.201,
 12 authorized delegate under AS 06.55.301, or subdelegate under AS 06.55.304 has
 13 violated or is violating AS 06.55.101 or 06.55.201.

14 * **Sec. 50.** AS 06.55.702(a) is amended to read:

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

22 * **Sec. 51.** AS 06.55.802 is amended to read:

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

24 (1) the United States or a department, an agency, or an instrumentality
 25 of the United States;

26 (2) money transmission by the United States Postal Service or by a
 27 contractor on behalf of the United States Postal Service;

28 (3) a state, a municipality, a county, or another governmental agency
 29 or governmental subdivision of a state;

30 (4) a bank, a bank holding company, an office of an international
 31 banking corporation, a branch of a foreign bank, a corporation organized under 12

1 U.S.C. 1861 - 1867 (Bank Service Company Act), or a corporation organized under 12
 2 U.S.C. 611 - 633 (Edge Act) under the laws of a state or the United States, if it does
 3 not issue, sell, or provide payment instruments or stored value through an authorized
 4 delegate who is not a bank, a bank holding company, an office of an international
 5 banking corporation, a branch of a foreign bank, a corporation organized under 12
 6 U.S.C. 1861 - 1867 (Bank Service Company Act), or a corporation organized under 12
 7 U.S.C. 611 - 633 (Edge Act) under the laws of a state or the United States;

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

10 (A) the United States or a department, an agency, or an
 11 instrumentality of the United States; or

12 (B) a state, or a department, an agency, or an instrumentality of
 13 a state;

14 (6) a board of trade or a person who, in the ordinary course of
 15 business, provides clearance and settlement services for a board of trade, to the extent
 16 of the operation of the person for a board of trade; in this paragraph, "board of trade"
 17 means a board of trade designated as a contract market under 7 U.S.C. 1 - 27f
 18 (Commodity Exchange Act);

19 (7) a registered futures commission merchant under the federal
 20 commodities laws, to the extent of the merchant's operation as a registered futures
 21 commission merchant under the federal commodities laws;

22 (8) a person who provides clearance or settlement services under a
 23 registration as a clearing agency or an exemption from the registration granted under
 24 the federal securities laws, to the extent of the person's operation as a provider of
 25 clearance or settlement services under a registration as a clearing agency or an
 26 exemption from the registration granted under the federal securities laws;

27 (9) an operator of a payment system to the extent that the operator
 28 provides processing, clearing, or settlement services, between or among persons
 29 excluded by this section, in connection with wire transfers, credit card transactions,
 30 debit card transactions, stored-value transactions, automated clearing house transfers,
 31 or similar funds transfers; [OR]

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

4 **(11) an insurance company, title insurance company, or escrow**
 5 **agent, to the extent that the entity is lawfully authorized to conduct business in**
 6 **this state as an insurance company, title insurance company, or escrow agent and**
 7 **to the extent that the entity engages in money transmission or currency exchange**
 8 **as an ancillary service when conducting insurance, title insurance, or escrow**
 9 **activity; or**

10 **(12) an attorney, to the extent that the attorney is lawfully**
 11 **authorized to practice law in this state and to the extent that the attorney engages**
 12 **in money transmission or currency exchange as an ancillary service to the**
 13 **practice of law.**

14 * Sec. 52. AS 06.55.810 is amended to read:

15 **Sec. 06.55.810. Notices required.** (a) A money services licensee shall **provide**
 16 **a customer with a notice of how to file a complaint. A money services licensee**
 17 **shall provide notice** [DISPLAY A SIGN] at each location where the money services
 18 licensee

19 (1) provides money services under this chapter; and

20 (2) has not designated an authorized delegate **or subdelegate** to
 21 provide money services on behalf of the money services licensee at the location.

22 (b) An authorized delegate shall **provide** [DISPLAY] a **notice of how to file a**
 23 **complaint** [SIGN] at each location where the authorized delegate **or subdelegate**
 24 provides money services under this chapter.

25 (c) The **notice** [SIGN] required by (a) or (b) of this section **must** [SHALL] be
 26 **in a format and contain the information required by the department**
 27 [DISPLAYED AT ALL TIMES IN FULL VIEW OF PERSONS VISITING THE
 28 LOCATION AND SHALL GIVE THE DEPARTMENT'S ADDRESS AND THE
 29 DEPARTMENT'S TELEPHONE NUMBER FOR RECEIVING CALLS
 30 REGARDING COMPLAINTS AND OTHER CONCERNS ABOUT MONEY
 31 SERVICES LICENSEES, AUTHORIZED DELEGATES, AND THE MONEY

1 SERVICES PROVIDED BY MONEY SERVICES LICENSEES AND
2 AUTHORIZED DELEGATES].

3 * **Sec. 53.** AS 06.55.820 is repealed and reenacted to read:

4 **Sec. 06.55.820. Transmission, receipt, and refund.** A money services
5 licensee who receives money or equivalent value for money transmission or currency
6 exchange shall comply with transmission, receipt, and refund provisions according to
7 federal law under 12 C.F.R. Part 1005, Subpart B (Federal Remittance Transfer Rule)
8 and any requirements established by the department.

9 * **Sec. 54.** AS 06.55 is amended by adding new sections to read:

10 **Sec. 06.55.855. Virtual currency.** In this chapter, a reference to virtual
11 currency shall be broadly construed to cover digital units of exchange that

12 (1) have a centralized repository; in this paragraph, "centralized
13 repository" means a single third-party administrating authority that controls the
14 system, issues the currency, establishes the rules for the currency's use, maintains a
15 central payment ledger, and has authority to redeem the currency or withdraw the
16 currency from circulation;

17 (2) are decentralized, distributive, open-source, math-based, peer-to-
18 peer virtual currency with no central administrating authority and no central
19 monitoring or oversight; in this paragraph,

20 (A) "distributive" means validated through distribution among
21 a network of participants who run an algorithm to validate the transaction;

22 (B) "open-source" means available through software that can
23 be downloaded for free from an Internet website to send, receive, and store
24 virtual currency; or

25 (3) may be created or obtained by computing or manufacturing effort.

26 **Sec. 06.55.860. Compliance with federal requirements.** A person subject to
27 this chapter shall conduct the person's money services activities in compliance with

28 (1) 12 U.S.C. 1829b (Federal Deposit Insurance Act);

29 (2) 12 U.S.C. 1951 - 1959;

30 (3) 18 U.S.C. 981 - 982 (Money Laundering Control Act of 1986);

31 (4) 31 U.S.C. 5311 - 5314;

1 (5) 31 U.S.C. 5316 - 5329;

2 (6) 31 U.S.C. 5330 (Money Laundering Suppression Act of 1994);

3 (7) 31 U.S.C. 5331 - 5332 (International Money Laundering
4 Abatement and Financial Anti-Terrorism Act of 2001); and

5 (8) any other federal statute or regulation the purpose of which is to
6 regulate money transmission, currency exchange, or money services.

7 **Sec. 06.55.870. Unclaimed property.** A person subject to this chapter shall
8 comply with AS 34.45 (Uniform Unclaimed Property Act).

9 **Sec. 06.55.880. Application to Internet activities.** This chapter applies to a
10 person who engages in activities regulated under this chapter by using an Internet
11 website from within or outside the state.

12 **Sec. 06.55.885. Open-loop stored-value reloads.** In addition to any other
13 method allowed under this chapter, if a money services licensee, authorized delegate,
14 or subdelegate reloads funds under this chapter on an open-loop stored-value card, the
15 money services licensee, authorized delegate, or subdelegate may reload the funds by
16 using an Internet website.

17 * **Sec. 55.** AS 06.55 is amended by adding new sections to article 9 to read:

18 **Sec. 06.55.900. Administration.** (a) The department may require an applicant
19 or a licensee to submit information, documentation, or payment of a fee required under
20 this chapter through the registry in a format established by the department and
21 acceptable to the registry.

22 (b) The department may use the registry for obtaining information required for
23 licensing purposes under this chapter, including

24 (1) criminal history record information from the Federal Bureau of
25 Investigation, the United States Department of Justice, or any other agency or entity
26 identified by the department;

27 (2) information related to administrative, civil, or criminal findings by
28 other states.

29 **Sec. 06.55.910. Regulations.** The department may adopt regulations under
30 AS 44.62 (Administrative Procedure Act) to implement this chapter.

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

1 (3) "control" means

2 (A) the ownership of, or the power to vote, directly or
3 indirectly, at least 10 [25] percent, **including the voting securities or voting**
4 **interests of any spouse, parent, or child,** of a class of voting securities or
5 voting interests of

6 (i) a money services licensee; or

7 (ii) **a person that owns or has the power to vote,**
8 **directly or indirectly, at least 10 percent, including the voting**
9 **securities or voting interests of any spouse, parent, or child of the**
10 **voting securities or voting interests of the** [IN CONTROL OF A]
11 money services licensee **referred to in (i) of this subparagraph;**

12 (B) the power to elect a majority of [EXECUTIVE] officers,
13 managers, directors, trustees, or other persons exercising managerial authority
14 of

15 (i) a money services licensee; or

16 (ii) **a person that has the power to elect a majority of**
17 **officers, managers, directors, trustees, or other persons exercising**
18 **managerial authority of the** [IN CONTROL OF A] money services
19 licensee **referred to in (i) of this subparagraph;** or

20 (C) the power to exercise, directly or indirectly, **an** [A
21 CONTROLLING] influence over the management or policies of

22 (i) a money services licensee; or

23 (ii) **a person that has the power to exercise, directly**
24 **or indirectly, an influence over the management or policies of the**
25 **[IN CONTROL OF A] money services licensee referred to in (i) of**
26 **this subparagraph;**

27 * **Sec. 57.** AS 06.55.990(5) is amended to read:

28 (5) "currency exchange license" means a license under **AS 06.55.201 -**
29 **06.55.207** [AS 06.55.201 - 06.55.204];

30 * **Sec. 58.** AS 06.55.990(15) is repealed and reenacted to read:

31 (15) "money transmission" means

1 (A) the acceptance and the transmission of currency, funds, or
 2 other value that substitutes for currency from one person to another location or
 3 person within the United States or to locations abroad, by

4 (i) a financial agency or institution;

5 (ii) an electronic funds transfer network;

6 (iii) wire;

7 (iv) facsimile;

8 (v) payment instrument;

9 (vi) an informal value transfer system; in this sub-
 10 subparagraph, "informal value transfer system" means a system,
 11 mechanism, or network that receives money for the purpose of making
 12 funds or an equivalent value payable to a third party in another
 13 geographic location, whether or not in the same form, and that
 14 generally takes place outside of a conventional banking system through
 15 nonbank financial institutions or other business entities whose primary
 16 business activity is not limited to the transmission of money; or

17 (vii) any other means;

18 (B) selling, issuing, or acting as an intermediary for open-loop
 19 stored-value devices and payment instruments; or

20 (C) conducting the following types of activity in this state or
 21 involving a resident of this state:

22 (i) receiving virtual currency for transmission;

23 (ii) transmitting virtual currency;

24 (iii) securing, storing, holding, or maintaining custody
 25 or control of virtual currency on behalf of others;

26 (iv) buying and selling virtual currency as or through a
 27 third party;

28 (v) performing retail conversion services, including the
 29 conversion or exchange of fiat currency or other value into virtual
 30 currency, the conversion or exchange of virtual currency into fiat
 31 currency or other value, or the conversion or exchange of one form of

1 virtual currency into another form of virtual currency; or

2 (vi) controlling, administering, or issuing virtual
3 currency;

4 * **Sec. 59.** AS 06.55.990(16) is amended to read:

5 (16) "money transmission license" means a license under
6 **AS 06.55.101 - 06.55.108** [AS 06.55.101 - 06.55.107 OR AN APPROVAL UNDER
7 AS 06.55.103];

8 * **Sec. 60.** AS 06.55.990(18) is repealed and reenacted to read:

9 (18) "outstanding" means

10 (A) with respect to a payment instrument, a payment
11 instrument that has been issued and sold in the United States directly by a
12 money services licensee, or sold by an authorized delegate or subdelegate of
13 the money services licensee in the United States and reported to the money
14 services licensee, that has not yet been paid by or for the money services
15 licensee;

16 (B) with respect to a stored value, a stored value that has been
17 issued and sold in the United States directly by a money services licensee, or
18 sold by an authorized delegate or subdelegate of the money services licensee in
19 the United States and reported to the money services licensee, until the funds
20 are deposited into the stored value program's issuing bank account; or

21 (C) with respect to money transmission, a money transmission
22 for which the money transmission licensee, directly or through an authorized
23 delegate of the money transmission licensee, has received money or monetary
24 value from the customer for transmission, but has not yet completed the money
25 transmission by delivering the money or monetary value to the person
26 designated by the customer or refunded the money or monetary value to the
27 customer;

28 * **Sec. 61.** AS 06.55.990(19) is amended to read:

29 (19) "payment instrument"

30 (A) means **an electronic or written** [A] check, a draft, a
31 money order, a traveler's check, or another **electronic or written** instrument

1 **order** for the transmission or payment of money or monetary value, whether or
 2 not **the instrument is** negotiable;

3 **(B)** [, BUT] does not include a credit card voucher, a letter of
 4 credit, or **any other** [AN] instrument that is redeemable by the issuer in goods
 5 or services;

6 * **Sec. 62.** AS 06.55.990(20) is amended to read:

7 (20) "person" means an individual, a corporation, a business trust, an
 8 estate, a trust, a partnership, a limited liability company, an association, a joint
 9 venture, a government, a governmental subdivision, **a governmental** [AN] agency, **a**
 10 **governmental** [OR AN] instrumentality, a public corporation, or any other legal or
 11 commercial entity;

12 * **Sec. 63.** AS 06.55.990(23) is amended to read:

13 (23) "stored value"

14 **(A)** means

15 **(i)** monetary value that is evidenced by an electronic
 16 record **that is prefunded and for which value is reduced on each**
 17 **use;**

18 **(ii)** **access to funds or the value of funds that have**
 19 **been paid in advance and can be retrieved or transferred at some**
 20 **point in the future through an electronic device or vehicle; in this**
 21 **sub-subparagraph, "electronic device or vehicle" means a card**
 22 **code, electronic serial number, mobile identification number,**
 23 **personal identification number, or other electronic device or**
 24 **vehicle;**

25 **(B)** **does not include an electronic record that is primarily**
 26 **intended to be redeemable only for goods or services from a specified**
 27 **merchant or set of affiliated merchants, or others involved in transactions**
 28 **functionally related to the issuer or the issuer's affiliates;**

29 * **Sec. 64.** AS 06.55.990(24) is amended to read:

30 (24) "unsafe or unsound practice" means a practice or conduct by a
 31 money **services** [TRANSMISSION] licensee or an authorized delegate **or**

1 **subdelegate** of the money **services** [TRANSMISSION] licensee if the practice creates
 2 the likelihood of material loss, insolvency, or dissipation of the money **services**
 3 [TRANSMISSION] licensee's assets, or otherwise materially prejudices the interests
 4 of the money **services** [TRANSMISSION] licensee's customers.

5 * **Sec. 65.** AS 06.55.990 is amended by adding new paragraphs to read:

6 (25) "applicant" means a person filing an application to receive a
 7 money services license, whether the filing is done by the owner, a control person, an
 8 officer, a director, or a manager of the person to receive the money services license;

9 (26) "currency" means the coin and paper money of the United States
 10 or a foreign government that is

11 (A) designated as legal tender and circulates; and

12 (B) customarily used and accepted as a medium of exchange in
 13 the country of issuance;

14 (27) "fiat currency" means government-issued currency that is
 15 designated as legal tender in its country of issuance through government decree,
 16 regulation, or law;

17 (28) "funds" means money or other value that may be accepted for
 18 money;

19 (29) "medium of exchange" means something commonly accepted in
 20 exchange for goods and services and recognized as representing a standard of value;

21 (30) "money laundering" means an activity criminalized by 18 U.S.C.
 22 1956 or 1957, or an activity that would be criminalized by 18 U.S.C. 1956 or 1957 if
 23 the activity occurred in the United States;

24 (31) "officer" means a president, a chair of the executive committee, a
 25 chief financial officer, a chief compliance officer, a responsible individual, or another
 26 individual who performs similar functions; in this paragraph, "responsible individual"
 27 means an individual who is employed by a money services licensee and has principal
 28 managerial authority over the provision of money services by the money services
 29 licensee in this state;

30 (32) "open-loop stored value" means stored value redeemable at

31 (A) multiple, unaffiliated merchants or service providers; or

1 (B) automated teller machines;

2 (33) "payment system" means a system enabling the transfer of funds
3 between parties;

4 (34) "registry" means the Nationwide Multistate Licensing System and
5 Registry; in this paragraph, "Nationwide Multistate Licensing System and Registry"
6 means a licensing system developed by the Conference of State Bank Supervisors and
7 the American Association of Residential Mortgage Regulators and owned and
8 operated by the State Regulatory Registry, LLC, or a successor or an affiliated entity,
9 for the licensing and registration of persons in the mortgage and other financial
10 services industries;

11 (35) "subdelegate" means an authorized delegate that provides limited
12 money services on behalf of a money services licensee without having a direct
13 contractual relationship with the money services licensee;

14 (36) "virtual currency"

15 (A) means a digital representation of value that does not have
16 legal tender status in the United States but

17 (i) can be digitally traded and functions as a medium of
18 exchange, a unit of account, a store of value; or

19 (ii) is incorporated into payment system technology;

20 (B) does not include digital units that are used

21 (i) solely within online gaming platforms with no
22 market or application outside of those gaming platforms; or

23 (ii) exclusively as part of a customer affinity or rewards program, and can be
24 applied solely as payment for purchases with the issuer or other designated merchants,
25 and that cannot be converted into, or redeemed for, fiat currency.

26 * **Sec. 66.** AS 06.55.995 is amended to read:

27 **Sec. 06.55.995. Short title.** This chapter may be cited as the Alaska
28 [UNIFORM] Money Services Act.

29 * **Sec. 67.** AS 12.62.400(a) is amended to read:

30 (a) To obtain a national criminal history record check for determining a
31 person's qualifications for a license, permit, registration, employment, or position, a

1 person shall submit the person's fingerprints to the department with the fee established
 2 by AS 12.62.160. The department may submit the fingerprints to the Federal Bureau
 3 of Investigation to obtain a national criminal history record check of the person for the
 4 purpose of evaluating a person's qualifications for

5 (1) a license or conditional contractor's permit to manufacture, sell,
 6 offer for sale, possess for sale or barter, traffic in, or barter an alcoholic beverage
 7 under AS 04.11;

8 (2) licensure as a mortgage lender, a mortgage broker, or a mortgage
 9 loan originator under AS 06.60;

10 (3) admission to the Alaska Bar Association under AS 08.08;

11 (4) licensure as a collection agency operator under AS 08.24;

12 (5) a certificate of fitness to handle explosives under AS 08.52;

13 (6) licensure as a massage therapist under AS 08.61;

14 (7) licensure to practice nursing or certification as a nurse aide under
 15 AS 08.68;

16 (8) certification as a real estate appraiser under AS 08.87;

17 (9) a position involving supervisory or disciplinary power over a minor
 18 or dependent adult for which criminal justice information may be released under
 19 AS 12.62.160(b)(9);

20 (10) a teacher certificate under AS 14.20;

21 (11) a registration or license to operate a marijuana establishment
 22 under AS 17.38;

23 (12) licensure as a security guard under AS 18.65.400 - 18.65.490;

24 (13) a concealed handgun permit under AS 18.65.700 - 18.65.790;

25 (14) licensure as an insurance producer, managing general agent,
 26 reinsurance intermediary broker, reinsurance intermediary manager, surplus lines
 27 broker, or independent adjuster under AS 21.27;

28 (15) serving and executing process issued by a court by a person
 29 designated under AS 22.20.130;

30 (16) a school bus driver license under AS 28.15.046;

31 (17) licensure as an operator or an instructor for a commercial driver

1 training school under AS 28.17;

2 (18) registration as a broker-dealer, agent, investment adviser
3 representative, or state investment adviser under AS 45.55.030 - 45.55.060;

4 **(19) licensure as a money transmission licensee or a currency**
5 **exchange licensee under AS 06.55.**

6 * **Sec. 68.** AS 12.62.400 is amended by adding a new subsection to read:

7 (c) Notwithstanding (a) of this section, an applicant for a license under
8 AS 06.55 may submit the applicant's fingerprints to the Nationwide Multistate
9 Licensing System and Registry. In this subsection, "Nationwide Multistate Licensing
10 System and Registry" has the meaning given to "registry" in AS 06.55.990.

11 * **Sec. 69.** AS 06.55.103, 06.55.104(e), 06.55.104(f), 06.55.105(e), 06.55.107, 06.55.404(g),
12 06.55.406(b), 06.55.607(f), 06.55.702(b), 06.55.801, 06.55.830, 06.55.840, 06.55.850(b),
13 06.55.850(c), 06.55.850(d), 06.55.850(e), 06.55.890, 06.55.990(8), and 06.55.990(9) are
14 repealed.

15 * **Sec. 70.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

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

21 * **Sec. 71.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 REVISOR'S INSTRUCTIONS. The revisor of statutes is requested to change the
24 chapter heading of AS 06.55 from "Alaska Uniform Money Services Act" to "Alaska Money
25 Services Act."

26 * **Sec. 72.** Section 70 of this Act takes effect immediately under AS 01.10.070(c).

27 * **Sec. 73.** Except as provided in sec. 72 of this Act, this Act takes effect July 1, 2017.