

Senate File 449 - Introduced

SENATE FILE 449
BY COMMITTEE ON TECHNOLOGY

(SUCCESSOR TO SSB 1142)

A BILL FOR

1 An Act relating to digital financial asset transaction kiosks.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **533C.1004 Digital financial asset**
2 **transaction kiosks.**

3 1. *Definitions.* As used in this section, unless the context
4 otherwise requires:

5 a. "*Charges*" means any of the following:

6 (1) A fee or expense paid by a consumer.

7 (2) The difference between the current market price of a
8 digital financial asset on a licensed digital financial asset
9 exchange and the price of the digital financial asset charged to
10 a consumer.

11 b. "*Digital financial asset*" means a virtual representation
12 of value or rights that can be transferred, stored, or traded
13 electronically and used for payment or investment purposes.

14 c. "*Digital financial asset transaction kiosk*" means an
15 electronic information processing device that is capable of
16 accepting or dispensing United States coin and paper currency in
17 exchange for a digital financial asset.

18 d. "*Licensed digital financial asset exchange*" means a
19 digital financial asset exchange that is not an operator and that
20 has a license under section 533C.301 to engage in the business of
21 money transmission in this state.

22 e. "*Operator*" means a person who owns, operates, or manages a
23 digital financial asset transaction kiosk in this state.

24 f. "*Transaction hash*" means a unique identifier made up of a
25 string of characters that act as a record of, and proof of, a
26 digital financial asset transaction being verified and added to a
27 blockchain.

28 2. *Daily transactions.* An operator shall not, via a digital
29 financial asset transaction kiosk, accept from a consumer or
30 dispense to a consumer more than one thousand dollars per
31 calendar day.

32 3. *Maximum charges.* An operator shall not directly or
33 indirectly collect charges related to a digital financial asset
34 transaction from a consumer that exceed the greater of the
35 following:

1 a. Five dollars.

2 b. Fifteen percent of the United States currency equivalent
3 of the digital financial assets involved in the digital financial
4 asset transaction according to the public quoted market price of
5 the digital financial asset on a licensed digital financial asset
6 exchange at the date and time the consumer initiates the digital
7 financial asset transaction.

8 4. *Required disclosure.*

9 a. Prior to a digital financial asset transaction, the
10 operator shall provide a written disclosure to the consumer in
11 English, and in the primary language used by the operator to
12 advertise, solicit, or negotiate with the consumer, containing
13 the terms and conditions of the digital financial asset
14 transaction, including, at a minimum, all of the following:

15 (1) The dollar amount, in United States currency equivalent,
16 of the digital financial asset involved in the transaction.

17 (2) Any charges to be collected by the operator.

18 (3) If an operator fails to provide a process to reverse or
19 refund a digital financial asset transaction, a warning that all
20 digital financial asset transactions are final.

21 (4) The following written warning against fraud:

22 WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A
23 STRANGER WHO IS INITIATING A DISHONEST SCHEME. CRIMINAL ACTIVITY
24 MAY APPEAR IN MANY FORMS, INCLUDING BUT NOT LIMITED TO THE
25 FOLLOWING:

26 1. Claims of a frozen bank account or credit card.

27 2. Claims of fraudulent financial transactions.

28 3. Claims of identity theft or job offers in exchange for
29 payment.

30 4. Requests for payment to government agencies or companies.

31 5. Requests for disaster relief donations or loans.

32 6. Offers to purchase tickets for lotteries, sweepstakes, or
33 drawings for vehicles.

34 7. Prompts to click on desktop pop-ups, such as virus
35 warnings or communication from alleged familiar merchants.

1 — 8. Communication from someone impersonating a representative
2 of your bank or a law enforcement officer.
3 IF YOU BELIEVE YOU ARE BEING SCAMMED, CALL YOUR LOCAL LAW
4 ENFORCEMENT.
5 WARNING: TRANSACTIONS CONDUCTED ON THIS DIGITAL FINANCIAL ASSET
6 TRANSACTION KIOSK ARE IRREVERSIBLE. PROTECT YOURSELF FROM FRAUD.
7 NEVER SEND MONEY TO SOMEONE YOU DO NOT KNOW.

8 b. A disclosure required under paragraph "a" shall be
9 clear and conspicuous and provided separately from any other
10 disclosures or information provided by the operator.

11 5. *Required receipt.* For any digital financial asset
12 transaction made at an operator's digital financial asset
13 transaction kiosk, the operator shall provide the consumer with a
14 receipt. When possible, the receipt shall be a physical receipt.
15 The operator may provide the receipt in multiple communications,
16 if necessary. The receipt shall include, at a minimum, all of
17 the following information:

18 a. The name of the consumer.

19 b. The date and time of the digital financial asset
20 transaction, the type, value, and transaction hash of the digital
21 financial asset transaction, and each applicable virtual currency
22 address.

23 c. The legal name of the operator and the operator's contact
24 information, including a telephone number, that may be used
25 by the consumer to get answers to questions and to register
26 complaints.

27 d. The dollar amount of the digital financial asset involved
28 in the transaction and the exchange rate of the virtual currency
29 to dollars.

30 e. (1) The dollar amount of all charges collected by the
31 operator in relation to the digital financial asset transaction.

32 (2) The legal name of the licensed digital financial asset
33 exchange the operator used to calculate the charges described in
34 subsection 1, paragraph "a", subparagraph (2).

35 f. A list of relevant state and local law enforcement and

1 regulatory agencies for reporting fraud.

2 g. A statement of the operator's refund policy.

3 h. Any additional information the operator deems necessary.

4 i. Any additional information required by federal law.

5 6. *Required report.* An operator shall provide a list to
6 the division of banking of the street address locations of all
7 digital financial asset transaction kiosks that the operator
8 owns, operates, or manages in this state. An operator shall
9 provide the division with updates to the list within thirty
10 calendar days of any change to the list. The division shall make
11 each operator's list available to the public via the division's
12 internet site.

13 7. *Operator duties.*

14 a. If an operator does not engage in digital financial
15 asset transactions, but facilitates or permits another person to
16 engage in digital financial asset transactions via the operator's
17 digital financial asset transaction kiosk, the operator shall do
18 all of the following:

19 (1) Ensure that the person engaging in digital financial
20 asset transactions has a license to engage in the business of
21 money transmission under section 533C.301.

22 (2) Ensure that charges collected from a consumer via the
23 digital financial asset transaction kiosk comply with this
24 section.

25 (3) Ensure that the person complies with this section.

26 b. An operator shall provide live customer service a minimum
27 of Monday through Friday between the hours of 8:00 a.m. and 10:00
28 p.m. The customer service toll-free telephone number shall be
29 displayed on the digital financial asset transaction kiosk.

30 c. An operator shall use blockchain analytics software to
31 assist in the prevention of sending a purchased digital financial
32 asset from an operator to a virtual currency wallet known
33 to be affiliated with fraudulent activity at the time of a
34 digital financial asset transaction, and to detect transaction
35 patterns indicative of fraud or other illicit activities. The

1 superintendent may request evidence from an operator of current
2 use of blockchain analytics software.

3 d. For the purpose of facilitating law enforcement and
4 regulatory agency communications with the operator in the event
5 of a consumer report of fraud, an operator shall maintain a
6 dedicated telephone number or email address for use by law
7 enforcement and regulatory agencies.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill relates to digital financial asset transaction
12 kiosks. "Digital financial asset transaction kiosk" (kiosk) is
13 defined in the bill.

14 Under the bill, an operator shall not, via a kiosk, accept
15 from, or dispense to, a consumer more than \$1,000 per day.
16 "Operator" is defined in the bill. An operator shall not collect
17 charges from a consumer related to a digital financial asset
18 transaction (transaction) that exceed the greater of \$5, or
19 15 percent of the United States currency equivalent of digital
20 financial assets (asset) involved in the transaction.

21 Prior to a transaction, the operator shall provide a written
22 disclosure to the consumer that includes the dollar amount of the
23 asset involved in the transaction, any charges collected by the
24 operator, if an operator does not provide a method to reverse or
25 refund a transaction, a warning that all transactions are final,
26 and a warning against fraud. The disclosure shall be clear and
27 conspicuous and provided separately from any other disclosure
28 provided by the operator.

29 For any transaction made at an operator's kiosk, the operator
30 shall provide the consumer with a receipt that includes the
31 information detailed in the bill. When possible, the receipt
32 shall be a physical receipt. The operator may provide the
33 receipt in multiple communications if necessary. An operator
34 shall provide a list to the division of banking (division) of
35 all locations of the operator's kiosks in the state. An operator

1 shall provide the division with updates to the list within 30
2 days of a change. The division shall make each operator's list
3 available to the public via the division's internet site.

4 If an operator does not engage in asset transactions,
5 but facilitates or permits another person to engage in asset
6 transactions via the operator's kiosk, the operator shall ensure
7 that the person has a license under Code section 533C.301, and
8 that charges collected from a consumer via the kiosk comply with
9 the bill. An operator shall provide live customer service as
10 detailed in the bill. An operator shall use blockchain analytics
11 software to protect against fraud as detailed in the bill, and
12 an operator shall maintain a dedicated telephone number and email
13 address for use by law enforcement and regulatory agencies.

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