Senate File 449 - Reprinted

SENATE FILE 449
BY COMMITTEE ON TECHNOLOGY

(SUCCESSOR TO SSB 1142)

(As Amended and Passed by the Senate March 26, 2025)

A BILL FOR

An Act relating to digital financial asset transaction kiosks and including penalties, and effective date and applicability provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

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

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

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

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

b. "*Consumer*" means either a new consumer or an existing consumer.

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

d. "*Digital financial asset transaction kiosk*" means an electronic terminal acting as a mechanical agent of an operator to enable the operator to facilitate the exchange of a digital financial asset for money, bank credit, or other digital financial asset, including but not limited to any of the following:

(1) By connecting directly to a separate licensed digital financial asset exchange that performs the digital financial asset transaction.

(2) By drawing upon a digital financial asset in the possession of the operator.

e. "*Existing consumer*" means an individual who is not a new consumer.

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

g. "*New consumer*" means an individual who has not previously engaged in a digital financial asset transaction with a particular operator. An individual shall continue to be considered a new consumer for a period of thirty calendar days after the individual makes their first digital financial asset transaction with a particular operator.

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

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

2. *Daily transactions.*

a. An operator shall not, via a digital financial asset transaction kiosk, accept from a consumer or dispense to a consumer more than one thousand dollars per calendar day.

b. In the thirty calendar days following a new consumer's first financial asset transaction with a particular operator, the operator shall not, via a digital financial asset transaction kiosk, accept from the new consumer or dispense to the new consumer more than ten thousand dollars.

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

a. Five dollars.

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

4. *Required disclosure.*

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

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

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

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

(4) The following written warning against fraud:

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

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

2. Claims of fraudulent financial transactions.

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

4. Requests for payment to government agencies or companies.

5. Requests for disaster relief donations or loans.

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

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

8. Communication from someone impersonating a representative of your bank or a law enforcement officer.

IF YOU BELIEVE YOU ARE BEING SCAMMED, CALL YOUR LOCAL LAW ENFORCEMENT.

WARNING: TRANSACTIONS CONDUCTED ON THIS DIGITAL FINANCIAL ASSET TRANSACTION KIOSK ARE IRREVERSIBLE. PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY TO SOMEONE YOU DO NOT KNOW.

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

c. Prior to entering into a digital financial asset transaction with a consumer, an operator shall require the consumer to attest to receiving the disclosure required under paragraph "*a*".

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

a. The name of the consumer.

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

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

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

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

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

f. A list of relevant state and local law enforcement and regulatory agencies for reporting fraud.

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

h. Any additional information the operator deems necessary.

i. Any additional information required by federal law.

6. *Required report.* An operator shall provide a list to the division of banking of the street address locations of all digital financial asset transaction kiosks that the operator owns, operates, or manages in this state. An operator shall provide the division with updates to the list within thirty

calendar days of any change to the list. The division shall make each operator's list available to the public via the division's internet site.

7. *Operator duties.*

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

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

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

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

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

c. An operator, or an established third party acting on behalf of the operator and that specializes in performing blockchain analytics, shall use blockchain analytics software to assist in the prevention of sending a purchased digital financial asset from an operator to a virtual currency wallet known to be affiliated with fraudulent activity at the time of a digital financial asset transaction, and to detect transaction patterns indicative of fraud or other illicit activities. The superintendent may request evidence from an operator, or of an established third party acting on behalf of the operator and that specializes in performing blockchain analytics of current use of blockchain analytics software.

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

8. *Refunds —— new consumers.* Upon the request of a new consumer, an operator shall issue to the consumer a refund for the full amount of all digital financial asset transactions that the consumer made during the thirty-calendar-day period that the consumer was a new consumer if all of the following circumstances exist:

a. The new consumer was fraudulently induced to engage in the digital financial asset transaction for which the consumer is requesting a refund.

b. The consumer has contacted the operator and a government or law enforcement agency to report the fraudulent nature of the digital financial asset transaction within ninety calendar days of the last digital financial asset transaction to occur while the consumer was a new consumer.

c. The consumer has submitted proof of the fraud to the operator, including but not limited to a police report or sworn declaration detailing the fraudulent nature of the digital financial asset transaction.

9. *Refunds —— existing consumers.* Upon the request of an existing consumer, an operator shall issue to the existing consumer a refund for the full amount of all digital financial asset transactions that the existing consumer made if all of the following circumstances exist:

a. The existing consumer was fraudulently induced to engage in the digital financial asset transaction for which the consumer is requesting a refund.

b. The existing consumer has contacted the operator and a government or law enforcement agency to report the fraudulent nature of the digital financial asset transaction within ninety calendar days of the digital financial asset transaction for which the consumer is requesting a refund.

c. The existing consumer has submitted proof of the fraud to the operator, including but not limited to a police report or sworn declaration detailing the fraudulent nature of the digital financial asset transaction.

10. *Enforcement —— penalties.*

a. If the attorney general has reasonable belief that an operator is in violation of this section, the attorney general has the sole authority to bring civil action to provide for all of the following:

(1) Enjoin further violations by the operator.

(2) Enforce compliance with this section.

(3) Civil penalties in an amount not more than ten thousand dollars for each violation of this section.

(4) Other remedies permitted under law.

b. If the attorney general has reasonable belief that a person is in violation of an injunction issued under this subsection, the attorney general has the sole authority to bring civil action to provide for civil penalties in an amount not more than one hundred thousand dollars.

c. An individual that has knowledge of a violation of this section may report the violation to the attorney general.

d. The attorney general shall establish an electronic reporting system for the submission of reports pursuant to this subsection.

11. *Compliance policies.* An operator shall implement, maintain, and enforce written policies and procedures for compliance with this section. The policies and procedures shall be reviewed and approved by the operator's board of directors or an equivalent governing body of the operator.

12. *Fraud policy.* An operator shall take reasonable steps to detect and prevent fraud, including establishing and maintaining a written antifraud policy. The antifraud policy shall, at a minimum, include all of the following:

a. The identification and assessment of fraud-related risk areas.

b. Procedures and controls to protect against identified risks.

c. Allocation of responsibility for monitoring risks.

d. Procedures for the periodic evaluation and revision of the antifraud procedures, controls, and monitoring mechanisms.

13. *Compliance officer.* An operator shall designate and employ a compliance officer who meets all of the following requirements:

a. The individual is qualified to coordinate and monitor compliance with this section and all applicable state and federal laws and rules.

b. The individual is a full-time employee of the operator.

c. The individual does not own more than twenty percent of the operator that employs the individual.

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 3. APPLICABILITY. This Act applies on or after July 1, 2025, to operators.