

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1447

Introduced by

Representatives Swiontek, Christy, Hanson, Heinert, Schauer, J. Olson, Richter

Senators Hogan, Klein, Lee, Rummel, Sickler

1 A BILL ~~for an Act to create and enact a new chapter to title 6 of the North Dakota Century Code,~~
2 ~~relating to virtual-currency kiosks.~~for an Act to create and enact sections 13-09.1-50,
3 13-09.1-51, 13-09.1-52, 13-09.1-53, and 13-09.1-54 of the North Dakota Century Code, relating
4 to virtual-currency kiosks; and to amend and reenact section 13-09.1-44 of the North Dakota
5 Century Code, relating to virtual-currency kiosks.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 ~~— **SECTION 1.** A new chapter to title 6 of the North Dakota Century Code is created and~~
8 ~~enacted as follows:~~

9 ~~— **Definitions:**~~

10 ~~— In this chapter unless context requires:~~

11 ~~— 1. "Blockchain analytics" means the analysis of data from blockchains or public~~
12 ~~distributed ledgers, including associated transaction information.~~

13 ~~— 2. "Blockchain analytics software" means a software service that uses blockchain~~
14 ~~analytics data to provide risk-specific information about virtual-currency wallet~~
15 ~~addresses.~~

16 ~~— 3. "Commissioner" means the commissioner of financial institutions.~~

17 ~~— 4. "New customer" means an individual who has never previously transacted with the~~
18 ~~virtual-currency kiosk operator and for the first thirty days after the first financial~~
19 ~~transaction with the virtual-currency kiosk operator.~~

1 ~~5. "Transaction hash" means a unique identifier made up of a string of characters that act~~
2 ~~as a record and provide proof the transaction was verified and added to the~~
3 ~~blockchain.~~

4 ~~6. "Virtual currency address" means an alphanumeric identifier associated with a virtual~~
5 ~~currency wallet identifying the location to which a virtual currency transaction can be~~
6 ~~sent.~~

7 ~~7. "Virtual currency kiosk" means an electronic terminal acting as a mechanical agent of~~
8 ~~the virtual currency kiosk operator to enable the virtual currency kiosk operator to~~
9 ~~facilitate the exchange of virtual currency for money, bank credit, or other virtual~~
10 ~~currency, including by:~~

11 ~~a. Connecting directly to a separate virtual currency exchange that performs the~~
12 ~~actual virtual currency transmission; or~~

13 ~~b. Drawing upon the virtual currency in the possession of the electronic terminal's~~
14 ~~operator.~~

15 ~~8. "Virtual currency kiosk operator" means a person that engages in virtual currency~~
16 ~~business activity via a money transmission kiosk located in this state or a person that~~
17 ~~owns, operates, or manages a money transmission kiosk located in this state through~~
18 ~~which virtual currency business activity is offered.~~

19 ~~9. "Virtual currency kiosk transaction" means a transaction conducted or performed, in~~
20 ~~whole or in part, by electronic means via a virtual currency kiosk. Virtual currency~~
21 ~~kiosk transaction also means a transaction made at a virtual currency kiosk to~~
22 ~~purchase virtual currency with fiat currency or to sell virtual currency for fiat currency.~~

23 ~~10. "Virtual currency wallet" means a software application or other mechanism providing a~~
24 ~~means to hold, store, or transfer virtual currency.~~

25 ~~**Virtual currency kiosks:**~~

26 ~~1. A kiosk operator may not engage in virtual currency business activity or hold itself out~~
27 ~~as being able to engage in virtual currency business activity with or on behalf of~~
28 ~~another person unless the kiosk operator is licensed in this state as a money~~
29 ~~transmitter.~~

30 ~~2. A virtual currency kiosk operator shall comply with all requirements of a money~~
31 ~~transmitter under chapter 13-09.1.~~

- 1 ~~3. A virtual currency kiosk operator may not locate, or allow a third party to locate, a~~
2 ~~virtual currency kiosk in this state unless the virtual currency kiosk:~~
- 3 ~~a. Is placed a commercially accessible area;~~
4 ~~b. Is accessible to users with sufficient space to account for mobility limitations of~~
5 ~~users;~~
6 ~~c. Is subject to security features, including sufficient lighting and surveillance; and~~
7 ~~d. Complies with any additional restrictions or requirements as required by the~~
8 ~~commissioner.~~
- 9 ~~4. Each virtual currency kiosk operator shall submit a quarterly report of the location of~~
10 ~~each virtual currency kiosk located within the state to the commissioner within forty-~~
11 ~~five days of the end of the calendar quarter. The location report must include:~~
- 12 ~~a. The company legal name;~~
13 ~~b. Any fictitious or trade name;~~
14 ~~c. The physical address;~~
15 ~~d. The start date of operation of the virtual currency kiosk at the location;~~
16 ~~e. The end date of operation of the virtual currency kiosk at the location, if~~
17 ~~applicable; and~~
18 ~~f. The virtual currency addresses associated with the virtual currency kiosk.~~

19 ~~**Disclosures:**~~

- 20 ~~1. A virtual currency kiosk operator shall disclose in a clear, conspicuous, and easily-~~
21 ~~readable manner in the chosen language of the customer, all relevant terms and-~~
22 ~~conditions generally associated with the products, services, and activities of the virtual-~~
23 ~~currency kiosk operator and virtual currency.~~
- 24 ~~2. The virtual currency kiosk operator must receive acknowledgment of receipt of all-~~
25 ~~disclosures required under this section via confirmation of consent.~~
- 26 ~~3. Each virtual currency kiosk must include a warning written prominently and in bold-~~
27 ~~type, stating substantially the following form:~~
- 28 ~~a. **WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A**~~
29 ~~**STRANGER WHO IS INITIATING A DISHONEST SCHEME. I UNDERSTAND**~~
30 ~~**THAT CRIMINAL ACTIVITY MAY APPEAR IN MANY FORMS, INCLUDING:**~~
- 31 ~~(1) **Claims of a frozen bank account or credit card.**~~

- 1 ~~(2) Fraudulent bank transactions;~~
- 2 ~~(3) Claims of identity theft or job offerings in exchange for payments;~~
- 3 ~~(4) Requests for payments to government agencies or companies;~~
- 4 ~~(5) Requests for disaster relief donations or loans;~~
- 5 ~~(6) Offers to purchase tickets for lotteries, sweepstakes, or drawings for~~
- 6 ~~vehicles;~~
- 7 ~~(7) Prompts to click on desktop popups, such as virus warnings or~~
- 8 ~~communication from alleged familiar merchants;~~
- 9 ~~(8) Communication from someone impersonating a representative of your bank~~
- 10 ~~or a law enforcement officer;~~
- 11 ~~(9) IF YOU BELIEVE YOU ARE BEING SCAMMED, CALL YOUR LOCAL LAW~~
- 12 ~~ENFORCEMENT BEFORE ANY TRANSACTION.~~
- 13 ~~b. WARNING: FUNDS LOST DUE TO USER ERROR OR FRAUD MAY NOT BE~~
- 14 ~~RECOVERABLE. TRANSACTIONS CONDUCTED ON THIS VIRTUAL~~
- 15 ~~CURRENCY KIOSK ARE IRREVERSIBLE. I UNDERSTAND THESE RISKS AND~~
- 16 ~~WISH TO CONTINUE WITH CONDUCTING MY VIRTUAL CURRENCY KIOSK~~
- 17 ~~TRANSACTION. PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY~~
- 18 ~~TO SOMEONE YOU DON'T KNOW.~~
- 19 ~~4. The commissioner shall require the disclosure of material risks associated with virtual~~
- 20 ~~currency and virtual currency transactions, including:~~
- 21 ~~a. The transaction may not be reversed;~~
- 22 ~~b. The virtual currency kiosk operator's liability for unauthorized virtual currency~~
- 23 ~~transactions;~~
- 24 ~~c. The virtual currency kiosk customer's liability for unauthorized currency~~
- 25 ~~transactions;~~
- 26 ~~d. Virtual currency is not legal tender, backed or insured by the government, and~~
- 27 ~~accounts and value balances are not subject to federal deposit insurance~~
- 28 ~~corporation, national credit union administration, or securities investor protection~~
- 29 ~~corporation protections;~~

- 1 ~~e. Some virtual currency transactions are deemed to be made when recorded on a~~
- 2 ~~public ledger which may not be the date or time when the individual initiates the~~
- 3 ~~transaction;~~
- 4 ~~f. Virtual currency's value may be derived from market participants' continued~~
- 5 ~~willingness to exchange fiat currency for virtual currency, which may result in the~~
- 6 ~~permanent and total loss of a particular virtual currency's value if the market for~~
- 7 ~~virtual currency disappears;~~
- 8 ~~g. An individual who accepts a virtual currency as payment today is not required to~~
- 9 ~~accept and might not accept virtual currency in the future;~~
- 10 ~~h. The volatility and unpredictability of the price of virtual currency relative to fiat~~
- 11 ~~currency may result in a significant loss over a short period;~~
- 12 ~~i. The nature of virtual currency means any technological difficulties experienced by~~
- 13 ~~virtual currency kiosk operators may prevent access to or use of an individual's~~
- 14 ~~virtual currency; and~~
- 15 ~~j. Any bond maintained by the virtual currency kiosk operator for the benefit of an~~
- 16 ~~individual may not cover all losses an individual incurs.~~
- 17 ~~5. The commissioner shall require disclosure of:~~
- 18 ~~a. The amount of the transaction denominated in United States dollars as well as~~
- 19 ~~the applicable virtual currency;~~
- 20 ~~b. Any fees or expenses charged by the virtual currency kiosk operator;~~
- 21 ~~c. Any applicable exchange rates;~~
- 22 ~~d. A daily virtual currency transaction limit of no more than one thousand dollars;~~
- 23 ~~e. Notice of a change in the virtual currency kiosk operator's rules or policies;~~
- 24 ~~f. The name, address, and telephone number of the owner of the kiosk and the~~
- 25 ~~days, time, means by which a consumer can contact the owner for consumer~~
- 26 ~~assistance. Any relevant state and local law enforcement agency for reporting~~
- 27 ~~fraud must be displayed on or at the location of the virtual currency kiosk or on~~
- 28 ~~the first screen of the kiosk;~~
- 29 ~~g. Under what circumstances the virtual currency kiosk operator, without a court or~~
- 30 ~~government order, discloses a person's account information to third parties; and~~

- 1 ~~h. Other disclosures customarily given in connection with a virtual currency~~
2 ~~transaction;~~
- 3 ~~6. After the completion of each transaction, the virtual currency kiosk operator shall~~
4 ~~provide an individual with a physical receipt in the language chosen by the customer~~
5 ~~containing the following:~~
- 6 ~~a. The virtual currency kiosk operator's name and contact information, including a~~
7 ~~telephone number to answer questions and register complaints;~~
- 8 ~~b. Relevant state and local law enforcement or government agency for reporting~~
9 ~~fraud;~~
- 10 ~~c. The type, value, date, and precise time of the transaction, transaction hash, and~~
11 ~~each applicable virtual currency address;~~
- 12 ~~d. The name and contact information of the sender;~~
- 13 ~~e. The name and contact information of the designated recipient;~~
- 14 ~~f. All fees charged;~~
- 15 ~~g. The exchange rate of the virtual currency to United States dollars;~~
- 16 ~~h. A statement of the virtual currency kiosk operator's liability for nondelivery or~~
17 ~~delayed delivery;~~
- 18 ~~i. A statement of the virtual currency kiosk operator's refund policy; and~~
- 19 ~~j. Any additional information the commissioner may require.~~
- 20 ~~**Prevention of fraudulent activity.**~~
- 21 ~~1. A virtual currency kiosk operator shall use blockchain analytics software to assist in~~
22 ~~the detection and prevention of suspicious activity, including sending purchased virtual~~
23 ~~currency from a virtual currency kiosk operator to a virtual currency wallet known to be~~
24 ~~affiliated with fraudulent activity at the time of a transaction and identifying patterns~~
25 ~~that reflect money laundering or other illicit activity. The commissioner may request~~
26 ~~evidence from any virtual currency kiosk operator of use of blockchain analytics.~~
- 27 ~~2. A virtual currency kiosk operator shall take reasonable steps to detect and prevent~~
28 ~~fraud, including establishing and maintaining a written antifraud policy. The antifraud~~
29 ~~policy must include:~~
- 30 ~~a. The identification and assessment of fraud-related risk areas;~~
- 31 ~~b. Procedures and controls to protect against identified risks;~~

- 1 ~~c. Allocation of responsibility for monitoring risks; and~~
- 2 ~~d. Procedures for the periodic evaluation and revision of the antifraud procedures,~~
- 3 ~~controls, and monitoring mechanisms.~~
- 4 ~~3. Each virtual currency kiosk operator shall designate and employ a compliance officer~~
- 5 ~~with the following requirements:~~
- 6 ~~a. The individual must be qualified to coordinate and monitor compliance with this~~
- 7 ~~chapter and all other applicable federal and state laws and rules;~~
- 8 ~~b. The individual must be employed full-time by the virtual currency kiosk operator;~~
- 9 ~~and~~
- 10 ~~c. The designated compliance officer may not be any individual who owns more~~
- 11 ~~than twenty percent of the virtual currency kiosk operator by whom the individual~~
- 12 ~~is employed.~~
- 13 ~~4. Compliance responsibilities required under federal and state laws and rules must be~~
- 14 ~~completed by full-time employees of the virtual currency kiosk operator.~~
- 15 ~~5. A virtual currency kiosk operator shall issue a refund to a new customer for the full~~
- 16 ~~amount of all transactions made within the thirty-day new customer time period on the~~
- 17 ~~request of the customer. To receive a refund under this section, a new customer must~~
- 18 ~~have been fraudulently induced to engage in the virtual currency transactions and~~
- 19 ~~shall contact the virtual currency kiosk operator and a government or law enforcement~~
- 20 ~~regarding the fraudulent nature of the transaction agency within ninety days of the last~~
- 21 ~~transaction to occur during the thirty-day new customer time period.~~
- 22 ~~6. A virtual currency kiosk operator shall issue a refund to an existing customer for the~~
- 23 ~~full amount of all transaction fees upon the request of an existing customer. To receive~~
- 24 ~~a refund under this section, a customer must have been fraudulently induced to~~
- 25 ~~engage in the virtual currency transactions and shall contact the virtual currency kiosk~~
- 26 ~~operator and a government or law enforcement agency regarding the fraudulent~~
- 27 ~~nature of the transaction within ninety days of the transaction.~~
- 28 ~~**Daily transaction limit.**~~
- 29 ~~A virtual currency kiosk operator may not accept transactions of more than one thousand~~
- 30 ~~dollars of cash or the equivalent in virtual currency in a day in connection with virtual currency.~~

~~kiosk transactions with a single customer in this state via one or more virtual currency kiosks operated by the same virtual currency operator.~~

~~**Fee cap.**~~

~~— The aggregate fees and charges, directly or indirectly, charged to a customer related to a single transaction or series of related transactions involving virtual currency charged through a money transmission kiosk in this state, including any difference between the price charged to a customer to buy, sell, exchange, swap, or convert virtual currency and the prevailing market value of the virtual currency at the time of the transaction, may not exceed the greater of five dollars or three percent of the dollar equivalent of virtual currency involved in the transaction or transactions.~~

~~**Customer service.**~~

~~— A virtual currency kiosk operator performing business in this state shall provide live customer service at a minimum on Monday through Friday between eight a.m. central time and ten p.m. central time. The customer service toll free number must be displayed on the virtual currency kiosk or the virtual currency kiosk screens.~~

SECTION 1. AMENDMENT. Section 13-09.1-44 of the North Dakota Century Code is amended and reenacted as follows:

13-09.1-44. Definitions.

For the purposes of sections 13-09.1-44 through ~~13-09.1-49~~13-09.1-54, the following definitions apply:

1. "Blockchain analytics" means the analysis of data from blockchains or publicly distributed ledgers, including associated transaction information.

2. "Blockchain analytics software" means a software service that uses blockchain analytics data to provide risk-specific information about virtual-currency wallet addresses.

3. "Control of virtual currency", when used in reference to a transaction or relationship involving virtual currency, means the power to execute unilaterally or prevent indefinitely a virtual-currency transaction.

~~2.4.~~ "Exchange", used as a verb, means to assume control of virtual currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

- 1 a. Virtual currency for money, bank credit, or one or more forms of virtual currency;
2 or
3 b. Money or bank credit for one or more forms of virtual currency.

4 5. "Transaction hash" means a unique identifier made up of a string of characters that act
5 as a record and provide proof the transaction was verified and added to the
6 blockchain.

7 ~~3-6.~~ "Transfer" means to assume control of virtual currency from or on behalf of a person
8 and to:

- 9 a. Credit the virtual currency to the account of another person;
10 b. Move the virtual currency from one account of a person to another account of the
11 same person; or
12 c. Relinquish control of virtual currency to another person.

13 ~~4-7.~~ "United States dollar equivalent of virtual currency" means the equivalent value of a
14 particular virtual currency in United States dollars shown on a virtual-currency
15 exchange based in the United States for a particular date or period specified in this
16 chapter.

17 ~~5-8.~~ "Virtual currency":

- 18 a. Means a digital representation of value that:
19 (1) Is used as a medium of exchange, unit of account, or store of value; and
20 (2) Is not money, whether or not denominated in money; and
21 b. Does not include:
22 (1) A transaction in which a merchant grants, as part of an affinity or rewards
23 program, value that cannot be taken from or exchanged with the merchant
24 for money, bank credit, or virtual currency; or
25 (2) A digital representation of value issued by or on behalf of a publisher and
26 used solely within an online game, game platform, or family of games sold
27 by the same publisher or offered on the same game platform.

28 9. "Virtual-currency address" means an alphanumeric identifier associated with a
29 virtual-currency wallet identifying the location to which a virtual-currency transaction
30 may be sent.

1 ~~6.10.~~ "Virtual-currency administration" means issuing virtual currency with the authority to
2 redeem the currency for money, bank credit, or other virtual currency.

3 ~~7.11.~~ "Virtual-currency business activity" means:

- 4 a. Exchanging, transferring, or storing virtual currency or engaging in virtual-
5 currency administration, whether directly or through an agreement with a virtual-
6 currency control-services vendor;
- 7 b. Holding electronic precious metals or electronic certificates representing interests
8 in precious metals on behalf of another person or issuing shares or electronic
9 certificates representing interests in precious metals; or
- 10 c. Exchanging one or more digital representations of value used within one or more
11 online games, game platforms, or family of games for:
- 12 (1) Virtual currency offered by or on behalf of the same publisher from which
13 the original digital representation of value was received; or
- 14 (2) Money or bank credit outside the online game, game platform, or family of
15 games offered by or on behalf of the same publisher from which the original
16 digital representation of value was received.

17 ~~8.12.~~ "Virtual-currency control-services vendor" means a person that has control of virtual
18 currency solely under an agreement with a person that, on behalf of another person,
19 assumes control of virtual currency.

20 13. "Virtual-currency kiosk" means an electronic terminal acting as a mechanical agent of
21 the virtual-currency kiosk operator to enable the virtual-currency kiosk operator to
22 facilitate the exchange of virtual currency for money, bank credit, or other virtual
23 currency, including by:

- 24 a. Connecting directly to a separate virtual-currency exchange that performs the
25 actual virtual-currency transmission; or
- 26 b. Drawing upon the virtual currency in the possession of the electronic terminal's
27 operator.

28 14. "Virtual-currency kiosk operator" means a person that engages in virtual-currency
29 business activity via a money transmission kiosk located in this state or a person that
30 owns, operates, or manages a money transmission kiosk located in this state through
31 which virtual-currency business activity is offered.

1 15. "Virtual-currency kiosk transaction" means:

2 a. A transaction conducted or performed, in whole or in part, by electronic means
3 via a virtual-currency kiosk.

4 b. A transaction made at a virtual-currency kiosk to purchase virtual currency with
5 fiat currency or to sell virtual currency for fiat currency.

6 16. "Virtual-currency wallet" means a software application or other mechanism providing a
7 means to hold, store, or transfer virtual currency.

8 **SECTION 2.** Section 13-09.1-50 of the North Dakota Century Code is created and enacted
9 as follows:

10 **13-09.1-50. Virtual-currency kiosks.**

11 1. A kiosk operator may not engage in virtual-currency business activity or hold itself out
12 as being able to engage in virtual-currency business activity with or on behalf of
13 another person unless the kiosk operator is licensed in this state as a money
14 transmitter.

15 2. A virtual-currency kiosk operator shall comply with all requirements of a money
16 transmitter under this chapter.

17 3. A virtual-currency kiosk operator may not locate, or allow a third party to locate, a
18 virtual-currency kiosk in this state unless the virtual-currency kiosk:

19 a. Is placed in a commercially accessible area;

20 b. Is accessible to users with sufficient space to account for mobility limitations of
21 users; and

22 c. Is subject to security features, including sufficient lighting and surveillance.

23 4. Each virtual-currency kiosk operator shall submit a quarterly report of the location of
24 each virtual-currency kiosk located within the state to the commissioner within
25 forty-five days of the end of the calendar quarter. The location report must include:

26 a. The company's legal name;

27 b. Any fictitious or trade name;

28 c. The physical address;

29 d. The start date of operation of the virtual-currency kiosk at the location;

30 e. The end date of operation of the virtual-currency kiosk at the location, if
31 applicable; and

1 f. The virtual-currency addresses associated with the virtual-currency kiosk.

2 **SECTION 3.** Section 13-09.1-51 of the North Dakota Century Code is created and enacted
3 as follows:

4 **13-09.1-51. Disclosures.**

5 1. A virtual-currency kiosk operator shall disclose in a clear, conspicuous, and easily
6 readable manner in the chosen language of the customer, all relevant terms and
7 conditions generally associated with the products, services, and activities of the
8 virtual-currency kiosk operator and virtual currency.

9 2. The virtual-currency kiosk operator must receive acknowledgment of receipt of all
10 disclosures required under this section via confirmation of consent.

11 3. Each virtual-currency kiosk must include a warning written prominently and in bold
12 type, stated in substantially the following form:

- 13 a. WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A
14 STRANGER WHO IS INITIATING A DISHONEST SCHEME. I UNDERSTAND
15 THAT CRIMINAL ACTIVITY MAY APPEAR IN MANY FORMS, INCLUDING:
16 (1) Claims of a frozen bank account or credit card.
17 (2) Fraudulent bank transactions.
18 (3) Claims of identity theft or job offerings in exchange for payments.
19 (4) Requests for payments to government agencies or companies.
20 (5) Requests for disaster relief donations or loans.
21 (6) Offers to purchase tickets for lotteries, sweepstakes, or drawings for
22 vehicles.
23 (7) Prompts to click on desktop popups, such as virus warnings or
24 communication from alleged familiar merchants.
25 (8) Communication from someone impersonating a representative of your bank
26 or a law enforcement officer.
27 (9) IF YOU BELIEVE YOU ARE BEING SCAMMED, CALL A LOCAL LAW
28 ENFORCEMENT OFFICER BEFORE ANY TRANSACTION.

- 29 b. WARNING: FUNDS LOST DUE TO USER ERROR OR FRAUD MAY NOT BE
30 RECOVERABLE. TRANSACTIONS CONDUCTED ON THIS
31 VIRTUAL-CURRENCY KIOSK ARE IRREVERSIBLE. I UNDERSTAND THESE

1 RISKS AND WISH TO CONTINUE WITH CONDUCTING MY
2 VIRTUAL-CURRENCY KIOSK TRANSACTION. PROTECT YOURSELF FROM
3 FRAUD. NEVER SEND MONEY TO SOMEONE YOU DO NOT KNOW.

4 4. The commissioner shall require the disclosure of material risks associated with virtual
5 currency and virtual-currency transactions, including:

6 a. The transaction may not be reversed;

7 b. The virtual-currency kiosk operator's liability for unauthorized virtual currency
8 transactions;

9 c. The virtual-currency kiosk customer's liability for unauthorized currency
10 transactions;

11 d. Virtual currency is not legal tender, backed or insured by the government, and
12 accounts and value balances are not subject to federal deposit insurance
13 corporation, national credit union administration, or securities investor protection
14 corporation protections;

15 e. Some virtual currency transactions are deemed to be made when recorded on a
16 public ledger which may not be the date or time when the individual initiates the
17 transaction;

18 f. Virtual currency's value may be derived from market participants' continued
19 willingness to exchange fiat currency for virtual currency, which may result in the
20 permanent and total loss of a particular virtual currency's value if the market for
21 virtual currency disappears;

22 g. An individual who accepts a virtual currency as payment today is not required to
23 accept and might not accept virtual currency in the future;

24 h. The volatility and unpredictability of the price of virtual currency relative to fiat
25 currency may result in a significant loss over a short period;

26 i. The nature of virtual currency means any technological difficulties experienced by
27 virtual-currency kiosk operators may prevent access to or use of an individual's
28 virtual currency; and

29 j. Any bond maintained by the virtual-currency kiosk operator for the benefit of an
30 individual may not cover all losses an individual incurs.

31 5. The commissioner shall require disclosure of:

- 1 a. The amount of the transaction denominated in United States dollars as well as
- 2 the applicable virtual currency.
- 3 b. Any fees or expenses charged by the virtual-currency kiosk operator.
- 4 c. Any applicable exchange rates.
- 5 d. A daily virtual-currency transaction limit of no more than two thousand dollars for
- 6 the first five transactions within the first thirty-day period.
- 7 e. Notice of a change in the virtual-currency kiosk operator's rules or policies.
- 8 f. The name, address, and telephone number of the owner of the kiosk and the
- 9 days, time, and means by which a consumer may contact the owner for
- 10 consumer assistance. Any relevant state and local law enforcement agency for
- 11 reporting fraud must be displayed on or at the location of the virtual-currency
- 12 kiosk or on the first screen of the kiosk.
- 13 g. Under what circumstances the virtual-currency kiosk operator, without a court or
- 14 government order, discloses a person's account information to third parties.
- 15 h. Other disclosures customarily given in connection with a virtual currency
- 16 transaction.
- 17 6. After the completion of each transaction, the virtual-currency kiosk operator shall
- 18 provide an individual with a choice of a physical or digital receipt secured with
- 19 two-factor identification in the language chosen by the customer containing the
- 20 following:
- 21 a. The virtual-currency kiosk operator's name and contact information, including a
- 22 telephone number to answer questions and register complaints;
- 23 b. The relevant state and local law enforcement or government agency for reporting
- 24 fraud;
- 25 c. The type, value, date, and precise time of the transaction, transaction hash, and
- 26 each applicable virtual-currency address;
- 27 d. A unique transaction number able to be linked to the sender during a fraud
- 28 investigation;
- 29 e. A unique transaction number able to be linked to the designated recipient during
- 30 a fraud investigation;
- 31 f. All fees charged;

1 g. The exchange rate of the virtual currency to United States dollars;

2 h. A statement of the virtual-currency kiosk operator's liability for nondelivery or
3 delayed delivery; and

4 i. A statement of the virtual-currency kiosk operator's refund policy.

5 **SECTION 4.** Section 13-09.1-52 of the North Dakota Century Code is created and enacted
6 as follows:

7 **13-09.1-52. Prevention of fraudulent activity.**

8 1. A virtual-currency kiosk operator shall use blockchain analytics software to assist in
9 the detection and prevention of suspicious activity, including sending purchased virtual
10 currency from a virtual-currency kiosk operator to a virtual-currency wallet known to be
11 affiliated with fraudulent activity at the time of a transaction and identifying patterns
12 that reflect money laundering or other illicit activity. The commissioner may request
13 evidence from any virtual-currency kiosk operator of use of blockchain analytics.

14 2. A virtual-currency kiosk operator shall take reasonable steps to detect and prevent
15 fraud, including establishing and maintaining a written antifraud policy. The antifraud
16 policy must include:

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

18 b. Procedures and controls to protect against identified risks;

19 c. Allocation of responsibility for monitoring risks; and

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

22 3. Each virtual-currency kiosk operator shall designate and employ a compliance officer
23 with the following requirements:

24 a. The individual must be qualified to coordinate and monitor compliance with this
25 chapter and all other applicable federal and state laws and rules;

26 b. The individual must be employed full-time by the virtual-currency kiosk operator;
27 and

28 c. The designated compliance officer may not be an individual who owns more than
29 twenty percent of the virtual-currency kiosk operator by whom the individual is
30 employed.

1 4. Compliance responsibilities required under federal and state laws and rules must be
2 completed by full-time employees of the virtual-currency kiosk operator.

3 5. A virtual-currency kiosk operator shall maintain, implement, and enforce a written
4 enhanced due diligence policy. The policy must be reviewed and approved by the
5 virtual-currency kiosk operator's board of directors or equivalent governing body.

6 6. A virtual-currency kiosk operator shall designate and employ a consumer protection
7 officer. The consumer protection officer:

8 a. Must be qualified to coordinate and monitor compliance with state and federal
9 law;

10 b. Must be employed full-time by the virtual-currency kiosk operator; and

11 c. May not own more than twenty percent of the virtual-currency kiosk operator.

12 **SECTION 5.** Section 13-09.1-53 of the North Dakota Century Code is created and enacted
13 as follows:

14 **13-09.1-53. Daily transaction limit.**

15 A virtual-currency kiosk operator may not accept transactions of more than two thousand
16 dollars of cash or the equivalent in virtual currency per calendar day for the first five
17 virtual-currency kiosk transactions occurring within the first thirty-days of the first transaction
18 with a single customer in this state via one or more virtual-currency kiosks operated by the
19 same virtual-currency operator.

20 **SECTION 6.** Section 13-09.1-54 of the North Dakota Century Code is created and enacted
21 as follows:

22 **13-09.1-54. Customer service.**

23 A virtual-currency kiosk operator performing business in this state shall provide live
24 customer service at a minimum on Monday through Friday between eight a.m. central time and
25 ten p.m. central time. The customer service toll-free number must be displayed on the
26 virtual-currency kiosk or the virtual-currency kiosk screens.