
A BILL FOR AN ACT

RELATING TO DIGITAL FINANCIAL ASSET TRANSACTION KIOSKS.

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

1 SECTION 1. Chapter 481B, Hawaii Revised Statutes, is
2 amended by adding a new section to part I to be appropriately
3 designated and to read as follows:

4 "§481B- Digital financial asset transaction kiosks;
5 daily and monthly limitation; wallet pinning; prohibition;
6 fraud; disclosures. (a) No operator shall own, operate, or
7 manage a digital financial asset transaction kiosk in the State
8 that:

9 (1) Accepts transactions from a single customer in amounts
10 exceeding:

11 (A) \$2,000, or the equivalent in digital financial
12 assets, per day; and

13 (B) \$10,000, or the equivalent in digital financial
14 assets, in any thirty-day period;

15 provided that the transaction limits shall apply to
16 each operator in the aggregate; provided further that



1 no operator shall accept transactions exceeding the
2 applicable limit for the respective time period;

3 (2) Accepts United States currency, by cash, credit card,
4 or any other means, in an amount greater than \$100,
5 from a new customer in exchange for digital financial
6 assets; or

7 (3) Allows any two customers to conduct transactions with
8 the same digital financial asset wallet address.

9 (b) Beginning January 1, 2030, no operator shall own,
10 operate, or manage a digital financial asset transaction kiosk
11 in the State that accepts United States currency, by cash,
12 credit card, or any other means, from any customer in exchange
13 for a digital financial asset.

14 (c) Nothing in subsections (a)(2) or (b) shall be
15 construed to limit a digital financial asset transaction kiosk
16 from accepting a digital financial asset from a customer in
17 exchange for either a different digital financial asset or
18 United States currency.

19 (d) All operators shall use blockchain analytics and
20 tracing software to prevent digital financial assets from being
21 sent to a digital financial asset wallet known or likely to be



1 affiliated with fraudulent activity at the time of transaction
2 and to detect transaction patterns indicative of fraud or other
3 illicit activities. Operators shall block transactions to
4 digital financial asset wallets associated with overseas
5 exchanges inaccessible to users in the United States. The
6 attorney general, executive director of the office of consumer
7 protection, director of law enforcement, and county police
8 departments may obtain evidence from an operator related to the
9 operator's current use of blockchain analytics.

10 (e) An operator shall disclose in a clear, conspicuous,
11 and easily readable manner all relevant terms and conditions
12 generally associated with the products, services, and activities
13 of the digital financial asset transaction kiosk, including but
14 not limited to transaction charges collected and exchange rates
15 used by the operator; provided that all disclosures required
16 under this section shall be written in plain language and
17 designed to be accessible to individuals with access and
18 functional needs, including cognitive, sensory, and
19 communication disabilities, consistent with Act 172, Session
20 Laws of Hawaii 2022.



1 (f) An operator shall display a warning on the digital
2 financial asset transaction kiosk or on its screen, written
3 prominently in bold type and provided separately from any other
4 disclosure made pursuant to this section, in substantially the
5 following form:

6 "WARNING: This technology can be used to defraud you. If
7 someone asked you to deposit money in this machine and/or is on
8 the phone with you and claims to be:

9 (1) A government agent;

10 (2) A computer software representative;

11 (3) A bill collector;

12 (4) A law enforcement officer; or

13 (5) Anyone you do not personally know,

14 STOP THIS TRANSACTION IMMEDIATELY and contact your local law
15 enforcement and digital financial asset transaction kiosk
16 operator. This is a scam. NEVER SEND MONEY to someone you
17 don't know."

18 (g) An operator shall disclose the material risks
19 associated with digital financial assets and digital financial
20 asset transactions to the customer at the digital financial



1 asset transaction kiosk, including disclosures that inform the
2 customer that digital financial assets:

3 (1) Are not issued or backed by the United States
4 government and are not legal tender in the United
5 States;

6 (2) Are not subject to protection by the Federal Deposit
7 Insurance Corporation, National Credit Union
8 Administration, or Securities Investor Protection
9 Corporation; and

10 (3) May fluctuate significantly in value relative to the
11 United States dollar.

12 (h) An operator shall disclose the following information
13 to the customer at the digital financial asset transaction kiosk
14 or on its first screen:

15 (1) The name, address, and telephone number of the
16 operator;

17 (2) The days, time, and means by which a customer may
18 contact the operator for assistance; and

19 (3) The contact information for any state or county law
20 enforcement and relevant government agency for
21 reporting fraud.



1 (i) Any disclosure made by an operator pursuant to this
2 section shall not deprive a customer of receiving a refund.

3 (j) Upon completion of each transaction, the operator
4 shall provide the customer with paper and electronic receipts in
5 a retainable form. The receipt shall include the following
6 information:

7 (1) The operator's name and toll-free customer service
8 phone number;

9 (2) Relevant contact information for state or county law
10 enforcement and any relevant government agency for
11 reporting fraud;

12 (3) Type, value, date, and precise time of the
13 transaction;

14 (4) Each applicable digital financial asset address and
15 transaction hash, where available;

16 (5) All charges;

17 (6) The exchange rate used to convert the digital
18 financial assets to United States dollars;

19 (7) The operator's refund policy;

20 (8) Any additional information as determined by the
21 operator; and



- 1 (9) Any additional information required by applicable
2 state or county law enforcement or relevant government
3 agency.
- 4 (k) When a customer reports a fraudulent transaction, the
5 operator shall issue a refund to the customer in the full amount
6 of all transactions paid by the defrauded customer, including
7 but not limited to any transaction charges, at the time of the
8 transaction, regardless of any acknowledgements the customer may
9 have made before finalizing the transactions; provided that the
10 customer:
- 11 (1) Has engaged in a transaction or transactions involving
12 the digital financial asset transaction kiosk where
13 fraud occurred, whether authorized or unauthorized;
- 14 (2) Contacted the operator to inform the operator of the
15 fraudulent nature of the transaction or transactions
16 at issue within ninety days after the last transaction
17 occurred or after the customer became aware of the
18 fraud; and
- 19 (3) Submitted a police report, government agency report,
20 or sworn statement detailing the fraudulent nature of



1 the transaction or transactions to the operator within
2 one hundred twenty days after contacting the operator.

3 The refund under this subsection shall be paid in the
4 originating currency of the transaction. The operator shall
5 issue a full refund within seventy-two hours after being
6 notified by the defrauded customer and receiving a copy of the
7 police or government agency's report or sworn statement.

8 If the customer retains possession or control of the
9 digital financial asset associated with the refunded
10 transaction, the customer shall, upon receipt of the full
11 refund, promptly return or transfer the digital financial asset
12 to the operator in a manner directed by the operator.

13 (l) All operators shall provide live customer service
14 during operating hours and between the hours of 8:00 a.m. and
15 10:00 p.m. Hawaii Standard Time. The customer service toll-free
16 number shall be displayed on the digital financial asset
17 transaction kiosk or on its screen.

18 (m) All operators performing business in the State shall
19 provide a dedicated communications line for the attorney
20 general, office of consumer protection, department of law
21 enforcement, and county police departments via a United States



1 telephone number or electronic mail address. The dedicated
2 communications line shall be used to facilitate law enforcement
3 and government agency communications with the operator in the
4 event of a fraud report from a customer. Upon request from a
5 law enforcement or government agency, an operator shall provide
6 its trace findings and provide blockchain analytics to assist
7 the law enforcement or government agency in any investigative
8 matters related to the potential fraud.

9 (n) For the purposes of this section:

10 "Cash" means physical United States currency, including
11 coins and paper currency.

12 "Customer" means any individual or entity that initiates,
13 authorizes, or completes a transaction involving digital
14 financial assets through a digital financial asset transaction
15 kiosk, whether for the purpose of purchasing, selling,
16 transferring, or otherwise exchanging digital financial assets.

17 "Digital financial asset" means a digital representation of
18 value that is used as a medium of exchange, unit of account, or
19 store of value, and that is not legal tender, regardless of
20 whether denominated in legal tender. "Digital financial asset"
21 does not include:



- 1 (1) A transaction in which a merchant grants, as part of
2 an affinity or rewards program, value that cannot be
3 taken from or exchanged with the merchant for legal
4 tender, bank or credit union credit, or a digital
5 financial asset;
- 6 (2) A digital representation of value issued by or on
7 behalf of a publisher and used solely within an online
8 game, game platform, or family of games sold by the
9 same publisher or offered on the same game platform;
10 or
- 11 (3) A security registered with or exempt from registration
12 with the United States Securities and Exchange
13 Commission or a security registered or exempt from
14 registration under chapter 485A.
- 15 "Digital financial asset transaction" or "transaction"
16 means a transaction conducted or performed, in whole or in part,
17 by electronic means via a digital financial asset transaction
18 kiosk or other means that facilitates or enables the purchase of
19 digital financial assets through a product or application that
20 directs the customer to remit payment in person, including



1 through a clerk or other intermediary, for the purpose of
2 completing the transaction.

3 "Digital financial asset transaction kiosk" means an
4 electronic information processing device that is capable of
5 accepting or dispensing United States currency by means of
6 credit card or cash in exchange for a digital financial asset.

7 "Digital financial asset wallet" means a software program
8 or an application that stores digital financial assets.

9 "Digital financial asset wallet address" means a unique
10 public alphanumeric identifier that is associated with a type of
11 digital financial asset and digital financial asset wallet and
12 that allows for the sending and receiving of digital financial
13 assets.

14 "New customer" means a person who has been a customer of an
15 operator for less than seven days commencing from the
16 establishment of an account with the operator.

17 "Operator" means a person who owns, operates, or manages a
18 digital financial asset transaction kiosk located in the State."

19 SECTION 2. New statutory material is underscored.

20 SECTION 3. This Act shall take effect on July 1, 3000.



Report Title:

AG; OCP; DLE; Police; Digital Financial Asset Transaction Kiosks; Cryptocurrency; Operators; Limits; Wallet Pinning; Prohibition; Fraud Prevention; Disclosures; Receipts; Refunds

Description:

Establishes limits on transactions through digital financial asset transaction kiosks. Prohibits (1) the exchanging of United States currency, in an amount greater than \$100, from new customers for digital financial assets; (2) any two customers from transacting to the same digital financial asset wallet address; and (3) beginning 1/1/2030, the exchange of United States currency from customers for digital financial assets. Requires operators of digital financial asset transaction kiosks to use blockchain analytics and tracing software to prevent fraud; make certain disclosures; provide receipts to customers; provide full refunds under certain circumstances; and provide live customer service and a dedicated communications line for the Attorney General, Office of Consumer Protection, Department of Law Enforcement, and county police departments. Effective 7/1/3000. (HD2)

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