
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 cap; fraud; disclosures. (a) An operator shall not
6 accept transactions from a single customer through a digital
7 financial asset transaction kiosk of more than:

8 (1) \$2,000 or the equivalent in digital financial assets
9 per day; and

10 (2) \$10,000 or the equivalent in digital financial assets
11 in any thirty-day period;

12 provided that the transaction limits shall apply to each
13 operator in the aggregate; provided further that no operator
14 shall accept transactions exceeding the applicable limit for
15 their respective time period.

16 (b) All operators shall use blockchain analytics and
17 tracing software to prevent digital financial assets from being



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

11 (c) An operator shall disclose in a clear, conspicuous,
12 and easily readable manner all relevant terms and conditions
13 generally associated with the products, services, and activities
14 of the digital financial asset transaction kiosk, including but
15 not limited to transaction charges collected and exchange rates
16 used by the operator.

17 (d) An operator shall display a warning on the digital
18 financial asset transaction kiosk or on the screen of the kiosk,
19 written prominently in bold type and provided separately from
20 any other disclosure made pursuant to this section, in
21 substantially the following form:



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

- 4 (1) Government agent;
- 5 (2) Computer software representative;
- 6 (3) Bill collector;
- 7 (4) Law enforcement officer; or
- 8 (5) Anyone you do not personally know,

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

13 (e) An operator shall disclose the material risks
14 associated with digital financial assets and digital financial
15 asset transactions to the customer at the digital financial
16 asset transaction kiosk, including disclosures that inform the
17 customer that digital financial assets:

- 18 (1) Are not issued or backed by the United States
19 government and are not legal tender in the United
20 States;



1 (2) Are not subject to protection by the Federal Deposit
2 Insurance Corporation, National Credit Union
3 Administration, or Securities Investor Protection
4 Corporation; and

5 (3) May fluctuate significantly in value relative to the
6 United States dollar.

7 (f) An operator shall disclose the following information
8 to the customer at the digital financial asset transaction kiosk
9 or the first screen of the kiosk:

10 (1) The name, address, and telephone number of the
11 operator;

12 (2) The days, time, and means of contact a customer may
13 utilize to contact the operator for assistance; and

14 (3) Any state and county law enforcement and relevant
15 government agency for reporting fraud.

16 (g) Any disclosure made by an operator pursuant to this
17 section shall not deprive a customer of receiving a refund.

18 (h) Upon completion of each transaction, the operator
19 shall provide the customer with paper and electronic receipts in
20 a retainable form. The receipt shall include the following
21 information:



- 1 (1) The operator's name and toll-free customer service
2 phone number;
- 3 (2) Relevant contact information for state and county law
4 enforcement and any relevant government agency for
5 reporting fraud;
- 6 (3) Type, value, date, and precise time of the
7 transaction;
- 8 (4) Each applicable digital financial asset address and
9 transaction hash where available;
- 10 (5) All charges;
- 11 (6) Exchange rate of the digital financial assets to
12 United States dollars;
- 13 (7) The operator's refund policy;
- 14 (8) Any additional information as determined by the
15 operator; and
- 16 (9) Any additional information required by the applicable
17 state or county law enforcement or relevant government
18 agency.
- 19 (i) When a customer reports a fraudulent transaction, the
20 operator shall issue a refund to the customer in the full amount
21 of all transactions paid by the defrauded customer, including



1 but not limited to any transaction charges, at the time of the
2 transaction, regardless of any acknowledgements the customer may
3 have made before finalizing the transactions; provided that the
4 customer:

- 5 (1) Has engaged in a transaction or transactions involving
6 the digital financial asset transaction kiosk where
7 fraud occurred, whether authorized or unauthorized;
8 (2) Contacted the operator to inform the operator of the
9 fraudulent nature of the transaction or transactions
10 at issue within ninety days after the last transaction
11 occurred or after the customer became aware of the
12 fraud; and
13 (3) Submitted a police report, government agency report,
14 or sworn statement detailing the fraudulent nature of
15 the transaction or transactions to the operator within
16 one hundred twenty days after contacting the operator.

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



1 (j) All operators shall provide live customer service
2 during operating hours and between the hours of 8:00 a.m. and
3 10:00 p.m. Hawaii Standard Time. The customer service toll-free
4 number shall be displayed on the digital financial asset
5 transaction kiosk or on the screen of the kiosk.

6 (k) All operators performing business in the State shall
7 provide a dedicated communications line for the attorney
8 general, office of consumer protection, department of law
9 enforcement, and county police departments via a United States
10 telephone number or electronic mail address. The dedicated
11 communications line shall be used to facilitate law enforcement
12 and government agency communications with the operator in the
13 event of a fraud report from a customer. Upon request from a
14 law enforcement or government agency, an operator shall provide
15 its trace findings and provide blockchain analytics to assist
16 the law enforcement or government agency in any investigative
17 matters related to the potential fraud.

18 (l) For the purposes of this section:

19 "Cash" means physical United States currency, including
20 coins and paper currency.



1 "Customer" means any individual or entity that initiates,
2 authorizes, or completes a transaction involving digital
3 financial assets through a digital financial asset transaction
4 kiosk, whether for the purpose of purchasing, selling,
5 transferring, or otherwise exchanging digital financial assets.

6 "Digital financial asset" means a digital representation of
7 value that is used as a medium of exchange, unit of account, or
8 store of value, and that is not legal tender, regardless of
9 whether denominated in legal tender. "Digital financial asset"
10 does not include:

11 (1) A transaction in which a merchant grants, as part of
12 an affinity or rewards program, value that cannot be
13 taken from or exchanged with the merchant for legal
14 tender, bank or credit union credit, or a digital
15 financial asset;

16 (2) A digital representation of value issued by or on
17 behalf of a publisher and used solely within an online
18 game, game platform, or family of games sold by the
19 same publisher or offered on the same game platform;
20 or



1 (3) A security registered with or exempt from registration
2 with the United States Securities and Exchange
3 Commission or a security registered or exempt from
4 registration under chapter 485A.

5 "Digital financial asset transaction" means a transaction
6 conducted or performed, in whole or in part, by electronic means
7 via a digital financial asset transaction kiosk or other means
8 that facilitates or enables the purchase of digital financial
9 assets through a product or application that directs the
10 customer to remit payment in person, including through a clerk
11 or other intermediary, for the purpose of completing the
12 transaction.

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

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

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

21 SECTION 2. New statutory material is underscored.



1 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Attorney General; Office of Consumer Protection; Department of Law Enforcement; Digital Financial Asset Transaction Kiosks; Cryptocurrency; Operators; Limits; Fraud Prevention; Disclosures; Receipts; Refunds

Description:

Establishes limits on transactions through digital financial asset transaction kiosks. 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 7/1/2050. (SD1)

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