



Adopted

Rejected

COMMITTEE REPORT

YES: 12
NO: 0

MR. SPEAKER:

*Your Committee on Financial Institutions, to which was referred House Bill 1116, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 6, delete lines 24 through 42, begin a new paragraph and
- 2 insert:
- 3 "SECTION 2. IC 28-8-4.1-201, AS ADDED BY P.L.198-2023,
- 4 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 5 UPON PASSAGE]: Sec. 201. The following definitions apply
- 6 throughout this chapter:
- 7 (1) "Acting in concert" means persons knowingly acting together
- 8 with a common goal of jointly acquiring control of a licensee
- 9 whether or not pursuant to an express agreement.
- 10 (2) "Authorized delegate" means a person a licensee designates to
- 11 engage in money transmission on behalf of the licensee.
- 12 (3) "Average daily money transmission liability", with respect to
- 13 a calendar quarter, means:

- 1 (A) the sum of the amounts of a licensee's outstanding money
2 transmission obligations in Indiana at the end of each day in
3 the calendar quarter; divided by
4 (B) the total number of days in that calendar quarter.
- 5 For purposes of this subdivision, a "calendar quarter" is a quarter
6 ending on March 31, June 30, September 30, or December 31.
- 7 (4) "Bank Secrecy Act" means:
8 (A) the Bank Secrecy Act (31 U.S.C. 5311 et seq.); and
9 (B) regulations adopted under the Bank Secrecy Act (31
10 U.S.C. 5311 et seq.).
- 11 (5) "Closed loop stored value" means stored value that is
12 redeemable by the issuer only for goods or services provided by
13 the issuer or the issuer's affiliate or by franchisees of the issuer or
14 the issuer's affiliate, except to the extent required by applicable
15 law to be redeemable in cash for its cash value.
- 16 (6) "Control" means any of the following:
17 (A) The power to vote, directly or indirectly, at least
18 twenty-five percent (25%) of the outstanding voting shares or
19 voting interests of a licensee or of a person in control of a
20 licensee.
21 (B) The power to elect or appoint a majority of key individuals
22 or executive officers, managers, directors, trustees, or other
23 persons exercising managerial authority of a person in control
24 of a licensee.
25 (C) The power to exercise, directly or indirectly, a controlling
26 influence over the management or policies of a licensee or of
27 a person in control of a licensee. For purposes of this clause,
28 a person is presumed to exercise a controlling influence if the
29 person holds the power to vote, directly or indirectly, at least
30 ten percent (10%) of the outstanding voting shares or voting
31 interests of a licensee or of a person in control of a licensee.
32 However, a person presumed to exercise a controlling
33 influence under this clause may rebut the presumption of
34 control if the person is a passive investor.
- 35 For purposes of this subdivision, the percentage of a person
36 controlled by any other person is determined by aggregating the
37 other person's interest with the interest of any other immediate
38 family member of that person, including the person's spouse,

1 parents, children, siblings, mothers-in-law and fathers-in-law,
 2 sons-in-law and daughters-in-law, and any other person who
 3 shares the person's home.

4 (7) "Department" refers to the members of the department of
 5 financial institutions.

6 (8) "Director" refers to the director of the department appointed
 7 under IC 28-11-2-1.

8 (9) "Eligible rating" means a credit rating of any of the three (3)
 9 highest rating categories provided by an eligible rating service,
 10 including any rating category modifiers, such as "plus" or "minus"
 11 for S&P Global, or an equivalent modifier for any other eligible
 12 rating service. The term includes the following:

13 (A) A long term credit rating equal to at least A- by S&P
 14 Global, or an equivalent long term credit rating for any other
 15 eligible rating service.

16 (B) A short term credit rating equal to at least A-2 by S&P
 17 Global, or an equivalent short term credit rating for any other
 18 eligible rating service.

19 In any case in which the credit ratings differ among eligible rating
 20 services, the highest rating applies in determining whether the
 21 credit rating is an "eligible rating" as defined in this subdivision.

22 (10) "Eligible rating service" means:

23 (A) a nationally recognized statistical rating organization, as
 24 defined by the United States Securities and Exchange
 25 Commission; or

26 (B) any other organization designated as such by the director.

27 (11) "Federally insured depository financial institution" means:

28 (A) a bank;

29 (B) a credit union;

30 (C) a savings and loan association;

31 (D) a trust company;

32 (E) a corporate fiduciary;

33 (F) a savings association;

34 (G) a savings bank;

35 (H) an industrial bank; or

36 (I) an industrial loan company;

37 that is organized under the law of the United States or any state of
 38 the United States and that has federally or privately insured

deposits as permitted by state or federal law.

(12) "In Indiana", with respect to the location of a transaction, means the following:

(A) At a physical location in Indiana, for a transaction requested in person.

(B) For a transaction requested electronically or by telephone, a determination made by the provider of money transmission, by relying on the following, that the person requesting the transaction is in Indiana:

(i) Information, provided by the person, regarding the location of the individual's residential address or the business entity's principal place of business or other physical address location, as applicable.

(ii) Any records associated with the person that the provider of money transmission may have that indicate the person's location, including an address associated with an account.

(13) "Individual" means a natural person.

(14) "Key individual" means an individual ultimately responsible for establishing or directing policies and procedures of a licensee, such as an executive officer, manager, director, or trustee.

(15) "Licensee" means a person licensed under this chapter.

(16) "Material litigation" means litigation that, according to United States generally accepted accounting principles, is significant to a person's financial health and would be required to be disclosed in the person's annual audited financial statements, report to shareholders, or similar records.

(17) "Money" means a medium of exchange that is issued by the United States government or by a foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two (2) or more governments.

(18) "Monetary value" means a medium of exchange, whether or not redeemable in money.

(19) "Money transmission" means any of the following:

(A) Selling or issuing payment instruments to a person located in Indiana.

(B) Selling or issuing stored value to a person located in Indiana.

(C) Receiving money for transmission from a person located in Indiana.

(D) After December 31, 2026, conducting or facilitating a virtual currency transaction (as defined in IC 28-8-7-12).

The term does not include the provision of solely online or telecommunications services or network access.

(20) "MSB accredited state" means a state agency that is accredited by the Conference of State Bank Supervisors and Money Transmitter Regulators Association for money transmission licensing and supervision.

(21) "Multistate licensing process" means an agreement entered into by and among state regulators related to:

(A) coordinated processing of applications for money transmission licenses;

(B) applications for the acquisition and control of a licensee;

(C) control determinations; or

(D) notice and information requirements for a change of key individuals.

(22) "NMLS" means the Nationwide Multistate Licensing System and Registry:

(A) developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators; and

(B) owned and operated by the State Regulatory Registry, LLC, or by any successor or affiliated entity;

for the licensing and registry of persons in financial services industries.

(23) "Outstanding money transmission obligation", as established and extinguished in accordance with applicable state law, means:

(A) any payment instrument or stored value that:

(i) is issued or sold by a licensee to a person located in the United States, or reported as sold by an authorized delegate of the licensee to a person located in the United States; and
(ii) has not yet been paid or refunded by or for the licensee, or escheated in accordance with applicable abandoned property laws; or

(B) any money that:

(i) is received for transmission by a licensee, or by an

1 authorized delegate of the licensee, from a person located in
 2 the United States; and

3 (ii) has not been received by the payee or refunded to the
 4 seller, or escheated in accordance with applicable
 5 abandoned property laws.

6 For purposes of this subdivision, a person is located "in the
 7 United States" if the person is located in any state, territory, or
 8 possession of the United States or in the District of Columbia, the
 9 Commonwealth of Puerto Rico, or a United States military
 10 installation located in a foreign country.

11 (24) "Passive investor" means a person that:

12 (A) does not have the power to elect a majority of key
 13 individuals or executive officers, managers, directors, trustees,
 14 or other persons exercising managerial authority over a person
 15 in control of a licensee;

16 (B) is not employed by and does not have any managerial
 17 duties with respect to the licensee or a person in control of the
 18 licensee;

19 (C) does not have the power to exercise, directly or indirectly,
 20 a controlling influence over the management or policies of the
 21 licensee or a person in control of the licensee; and

22 (D) either:

23 (i) attests to as facts the characteristics of passivity set forth
 24 in clauses (A) through (C), in a form and by a medium
 25 prescribed by the director; or

26 (ii) commits to the characteristics of passivity set forth in
 27 clauses (A) through (C) in a written document.

28 (25) "Payment instrument" means a written or electronic check,
 29 draft, money order, traveler's check, or other written or electronic
 30 instrument for the transmission or payment of money or monetary
 31 value, whether or not negotiable. The term does not include:

32 (A) stored value; or

33 (B) any instrument that:

34 (i) is redeemable by the issuer only for goods or services
 35 provided by the issuer or its affiliate, or franchisees of the
 36 issuer or its affiliate, except to the extent required by
 37 applicable law to be redeemable in cash for its cash value;

38 or

(ii) is not sold to the public but is issued and distributed as part of a loyalty, rewards, or promotional program.

(26) "Person" means any individual, general partnership, limited partnership, limited liability company, corporation, trust, association, joint stock corporation, or other corporate entity, as so identified by the director.

(27) "Receiving money for transmission" means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means. The term "money received for transmission" has a corresponding meaning.

(28) "Stored value" means monetary value representing a claim, against the issuer, that is evidenced by an electronic or digital record and that is intended and accepted for use as a means of redemption for money or monetary value, or payment for goods or services. The term includes "prepaid access" as defined in 31 CFR 1010.100. The term does not include:

(A) a payment instrument;

(B) closed loop stored value; or

(C) stored value not sold to the public but issued and distributed as part of a loyalty, rewards, or promotional program.

(29) "Tangible net worth" means the aggregate assets of a licensee, excluding all intangible assets, less liabilities, as determined in accordance with United States generally accepted accounting principles."

Delete pages 7 through 10.

Page 11, delete lines 1 through 41.

Page 14, line 13, delete "A person" and insert "**After December 31, 2026, a person**".

Page 14, line 18, delete "IC 28-8-4.1;" and insert "**IC 28-8-4.1, after December 31, 2026;**".

Page 21, delete lines 2 through 19, begin a new paragraph and insert:

"Sec. 22. (a) As used in this section, "existing user" means an individual who has had a profile with a virtual currency kiosk operator for at least forty-five (45) days.

(b) As used in this section, "new user" means an individual who has had a profile with a virtual currency kiosk operator for less

1 than forty-five (45) days.

2 (c) Subject to subsection (g), an operator may not allow a new
3 user to conduct any combination of:

4 (1) one (1) or more virtual currency transactions through the
5 operator's virtual currency kiosk or kiosks located in Indiana;
6 and

7 (2) one (1) or more purchases or transfers through any other
8 product or service offered by the operator;

9 in a single twenty-four (24) hour period the total value of which is
10 more than two thousand dollars (\$2,000).

11 (d) An operator may not allow an existing user to conduct any
12 combination of:

13 (1) one (1) or more virtual currency transactions through the
14 operator's virtual currency kiosk or kiosks located in Indiana;
15 and

16 (2) one (1) or more purchases or transfers through any other
17 product or service offered by the operator;

18 in a single twenty-four (24) hour period the total value of which is
19 more than four thousand dollars (\$4,000).

20 (e) Subject to subsection (g), an operator may not allow a new
21 user to conduct any combination of:

22 (1) one (1) or more virtual currency transactions through the
23 operator's virtual currency kiosk or kiosks located in Indiana;
24 and

25 (2) one (1) or more purchases or transfers through any other
26 product or service offered by the operator;

27 in a single thirty (30) day period the total value of which is more
28 than ten thousand dollars (\$10,000).

29 (f) An operator may not allow an existing user to conduct any
30 combination of:

31 (1) one (1) or more virtual currency transactions through the
32 operator's virtual currency kiosk or kiosks located in Indiana;
33 and

34 (2) one (1) or more purchases or transfers through any other
35 product or service offered by the operator;

36 in a single thirty (30) day period the total value of which is more
37 than fifteen thousand dollars (\$15,000).

38 (g) A new user may not:

(1) conduct a virtual currency transaction through the operator's virtual currency kiosk or kiosks located in Indiana; or

(2) purchase or transfer any other product or service offered by the operator;

unless the new user's profile with the operator has been activated for at least seven (7) business days."

Page 21, line 20, delete "A virtual" and insert "After December 31, 2026, a virtual".

Page 21, line 24, delete "three percent (3%)" and insert "fifteen percent (15%)".

Page 21, line 30, after "individual" insert "located in the United States".

Page 21, line 31, delete "from 8 a.m. to 10" and insert "twenty-four (24) hours a day, seven (7) days a week".

Page 21, delete line 32.

Page 24, between lines 25 and 26, begin a new paragraph and insert:

"Sec. 30. Not later than December 31, 2027, the department shall submit to the executive director of the legislative services agency for distribution to the members of the general assembly a report in an electronic format under IC 5-14-6 that does the following:

(1) Compares the limit on charges described in section 23 of this chapter with any limit on charges associated with a virtual currency transaction conducted through a virtual currency kiosk established by other states.

(2) Calculates the total number of complaints received by the attorney general's office and the department concerning fraudulently induced virtual currency transactions conducted through virtual currency kiosks in the previous calendar year.

(3) Provides a detailed breakdown concerning the complaints described in subdivision (2), including detailing the number of complaints per county in Indiana and specifying whether the complaint involved a virtual currency kiosk operated by an operator licensed under IC 28-8-4.1.

(4) Specifies the number of complaints described in subdivision (2) that were submitted by individuals who had not completed a virtual currency transaction conducted through a virtual currency kiosk with the virtual currency

1 **kiosk operator that operated the virtual currency kiosk**
2 **involved in the fraudulently induced virtual currency**
3 **transaction prior to the fraudulently induced virtual currency**
4 **transaction."**

5 Page 24, line 26, delete "Sec. 30." and insert "**Sec. 31.**".
 (Reference is to HB 1116 as introduced.)

and when so amended that said bill do pass.

Representative Teshka