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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - DEPARTMENT OF BUSINESS  
REGULATION - VIRTUAL CURRENCY

Introduced By: Representative Stephen R. Ucci

Date Introduced: February 28, 2019

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND  
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 14.7

4 DEPARTMENT OF BUSINESS REGULATION - VIRTUAL CURRENCY

5 **42-14.7-1. Short title.**

6 This chapter shall be known and may be cited as the "Digital Assets Business Act."

7 **42-14.7-2. Definitions.**

8 As used in this chapter, the following terms shall have the following meanings:

9 (1) "Applicant" means a person that applies for a license pursuant to this chapter.

10 (2) "Bank" means a federally chartered or state-chartered depository institution or holder  
11 of charter granted by the office of the comptroller of the currency to a person engaged in the  
12 business of banking other than deposit taking. The term does not include:

13 (i) An industrial loan company, state-chartered trust company, or a limited purpose trust  
14 company unless the department has authorized the company to engage in virtual currency  
15 business activity; or

16 (ii) A trust company or limited-purpose trust company chartered by a state with which  
17 this state does not have a reciprocity agreement governing trust-company activities.

18 (3) "Control" means:

1           (i) When used in reference to a transaction or relationship involving virtual currency,  
2 power to execute unilaterally or prevent indefinitely a virtual currency transaction; and

3           (ii) When used in reference to a person, the direct or indirect power to direct the  
4 management, operations, or policies of the person through legal or beneficial ownership of voting  
5 power of the person or under a contract, arrangement, or understanding.

6           (4) "Department" means the department of business regulation.

7           (5) "Exchange", used as a verb, means to assume control of virtual currency from or on  
8 behalf of a resident, at least momentarily, to sell, trade, or convert:

9           (i) Virtual currency for legal tender, bank credit, or one or more forms of virtual  
10 currency; or

11           (ii) Legal tender or bank credit for one or more forms of virtual currency.

12           (6) "Executive officer" means an individual who is a director, officer, manager, managing  
13 member, partner, or trustee of a person that is not an individual.

14           (7) "Insolvent" means:

15           (i) Having generally ceased to pay debts in the ordinary course of business other than as a  
16 result of a bona fide dispute;

17           (ii) Being unable to pay debts as they become due; or

18           (iii) Being insolvent within the meaning of federal bankruptcy law.

19           (8) "Legal tender" means a medium of exchange or unit of value, including the coin or  
20 paper money of the United States, issued by the United States.

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

22           (10) "Person" means an individual, partnership, estate, business or nonprofit entity,  
23 public corporation, government or governmental subdivision, agency, or instrumentality or other  
24 legal entity.

25           (11) "Reciprocity agreement" means an arrangement between the department and the  
26 appropriate licensing agency of another state which permits a licensee operating under a license  
27 granted by the other state to engage in virtual currency business activity with or on behalf of a  
28 resident in compliance with the provisions of this chapter.

29           (12) "Record" means information that is inscribed on a tangible medium or that is stored  
30 in an electronic or other medium and is retrievable in perceivable form.

31           (13) "Registrant" means a person that has been licensed with this state to conduct virtual  
32 currency business activity.

33           (14) "Registration" means to provide the necessary application, information  
34 documentation and fees for issuance of a license by the department pursuant to the provisions of

1 this chapter.

2 (15) "Registry" means the Nationwide Multistate Licensing System and Registry.

3 (16) "Resident" means:

4 (i) A person that:

5 (A) Is domiciled in this state;

6 (B) Is physically located in this state for more than one hundred eighty-three (183) days

7 of the previous three hundred sixty-five (365) days; or

8 (C) Has a place of business in this state; and

9 (ii) Includes a legal representative of a person that satisfies subsection (i) of this section.

10 (17) "Responsible individual" means an individual who has managerial authority with

11 respect to a licensee's or registrant's virtual currency business activity with or on behalf of a

12 resident.

13 (18) "Sign" means, with present intent to authenticate or adopt a record:

14 (i) To execute or adopt a tangible symbol; or

15 (ii) To attach to or logically associate with the record an electronic symbol, sound, or

16 process.

17 (19) "State" means a state of the United States, the District of Columbia, Puerto Rico, the

18 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of

19 the United States.

20 (20) "Store", except in the phrase store of value, means to maintain control of virtual

21 currency on behalf of a resident by a person other than the resident. Storage and storing have

22 corresponding meanings.

23 (21) "Transfer" means to assume control of virtual currency from or on behalf of a

24 resident and to:

25 (i) Credit the virtual currency to the account of another person;

26 (ii) Move the virtual currency from one account of a resident to another account of the

27 same resident; or

28 (iii) Relinquish control of virtual currency to another person.

29 (22) "U.S. dollar equivalent of virtual currency" means the equivalent value of a

30 particular virtual currency in United States dollars shown on a virtual currency exchange based in

31 the United States for a particular date or period.

32 (23) "Virtual currency" means:

33 (i) A digital representation of value that:

34 (A) Is used as a medium of exchange, unit of account, or store of value; and

1 (B) Is not legal tender, whether or not denominated in legal tender; and

2 (ii) Does not include:

3 (A) A transaction in which a merchant grants, as part of an affinity or rewards program,  
4 value that cannot be taken from or exchanged with the merchant for legal tender, bank credit, or  
5 virtual currency; or

6 (B) A digital representation of value issued by or on behalf of a publisher and used solely  
7 within an online game, game platform, or family of games sold by the same publisher or offered  
8 on the same game platform.

9 (24) "Virtual currency administration" means issuing virtual currency with the authority  
10 to redeem the currency for legal tender, bank credit, or other virtual currency.

11 (25) "Virtual currency business activity" means:

12 (i) Exchanging, transferring, or storing virtual currency or engaging in virtual currency  
13 administration, whether directly or through an agreement with a virtual currency control-services  
14 vendor;

15 (ii) Holding electronic precious metals or electronic certificates representing interests in  
16 precious metals on behalf of another person or issuing shares or electronic certificates  
17 representing interests in precious metals; or

18 (iii) Exchanging one or more digital representations of value used within one or more  
19 online games, game platforms, or family of games for:

20 (A) Virtual currency offered by or on behalf of the same publisher from which the  
21 original digital representation of value was received; or

22 (B) Legal tender or bank credit outside the online game, game platform, or family of  
23 games offered by or on behalf of the same publisher from which the original digital  
24 representation of value was received.

25 (26) "Virtual currency control-services vendor" means a person that has control of virtual  
26 currency solely under an agreement with a person that, on behalf of another person, assumes  
27 control of virtual currency.

28 **42-14.7-3. Virtual-currency business activity.**

29 (a) Except as otherwise provided in subsection (b) or (c) of this section the provisions of  
30 this chapter govern the virtual currency business activity of a person, wherever located, that  
31 engages in or holds itself out as engaging in the activity with or on behalf of a resident.

32 (b) This chapter does not apply to the exchange, transfer, or storage of virtual currency or  
33 to virtual currency administration to the extent the Electronic Fund Transfer Act, 15 U.S.C. 1693  
34 to 1693r, the Securities Exchange Act of 1934, 15 U.S.C. 78a to 78oo, the Commodity Exchange

1 Act, 7 U.S.C. 1 to 27f, as such sections existed on the effective date of this chapter, and does not  
2 apply to activity by:

3 (1) The United States, a state, political subdivision of a state, agency or instrumentality of  
4 federal, state, or local government, or a foreign government or a subdivision, department, agency  
5 or instrumentality of a foreign government;

6 (2) A bank;

7 (3) A person engaged in money transmission to a federal or state governmental  
8 subdivision, department or agency;

9 (4) A person whose participation in a payment system is limited to providing processing,  
10 clearing, or performing settlement services solely for transactions between or among persons that  
11 are exempt from the licensing requirements of this chapter;

12 (5) A person engaged in the business of dealing in foreign exchange to the extent the  
13 person's activity meets the definition in 31 C.F.R. 1010.605(f)(1)(iv), as such rule existed on the  
14 effective date of this chapter;

15 (6) A person that:

16 (i) Contributes only connectivity software or computing power to a decentralized virtual  
17 currency, or to a protocol governing transfer of the digital representation of value;

18 (ii) Provides only data storage or security services for a business engaged in virtual  
19 currency business activity and does not otherwise engage in virtual currency business activity on  
20 behalf of another person; or

21 (iii) Provides only to a person otherwise exempt from this chapter virtual currency as one  
22 or more enterprise solutions used solely among each other and has no agreement or relationship  
23 with a resident that is an end-user of virtual currency;

24 (7) A person using virtual currency, including creating, investing, buying or selling, or  
25 obtaining virtual currency as payment for the purchase or sale of goods or services, solely:

26 (i) On his or her own behalf;

27 (ii) For personal, family, or household purposes; or

28 (iii) For academic purposes;

29 (8) A person whose virtual currency business activity with or on behalf of residents is  
30 reasonably expected to be valued, in the aggregate, on an annual basis at five thousand dollars  
31 (\$5,000) or less, measured by the U.S. dollar equivalent of virtual currency;

32 (9) An attorney to the extent of providing escrow services to a resident;

33 (10) A title insurance company to the extent of providing escrow services to a resident;

34 (11) A securities intermediary, as defined in § 6A-8-102 or a commodity intermediary, as

1 defined in § 6A-9-102 that:

2 (i) Does not engage in the ordinary course of business in virtual currency business  
3 activity with or on behalf of a resident in addition to maintaining securities accounts or  
4 commodities accounts and is regulated as a securities intermediary or commodity intermediary  
5 under federal law, law of this state other than this chapter or law of another state; and

6 (ii) Affords a resident protections comparable to those set forth in § 42-14.7-28 of this  
7 section;

8 (12) A secured creditor pursuant to chapter 9 of title 6A or under Article 9, Uniform  
9 Commercial Code, of any state or a creditor with a judicial lien or lien arising by operation of law  
10 on collateral that is virtual currency, if the virtual currency business activity of the creditor is  
11 limited to enforcement of the security interest in compliance with Article 9, Uniform Commercial  
12 Code, or lien in compliance with the law applicable to the lien;

13 (13) A virtual currency control-services vendor; or

14 (14) A person that:

15 (i) Does not receive compensation from a resident for:

16 (A) Providing virtual currency products or services; or

17 (B) Conducting virtual currency business activity; or

18 (ii) Is engaged in testing products or services with the person's own funds.

19 (c) The department may determine that a person or class of persons, given facts particular  
20 to the person or class, should be exempt from the provisions of this chapter, whether or not the  
21 person or class is covered by requirements imposed under federal law on a money-service  
22 business.

23 **42-14.7-4. License requirement.**

24 A person may not engage in virtual currency business activity, or hold themselves out as  
25 being able to engage in virtual currency business activity, with or on behalf of a resident, unless  
26 the person is:

27 (1) Licensed in this state by the department pursuant to the terms of this chapter;

28 (2) Licensed in another state to conduct virtual currency business activity by a state with  
29 which this state has a reciprocity agreement and has qualified under § 14-14.7-6;

30 (3) Registered with the department and operating in compliance with § 42-14.7-10; or

31 (4) Exempt from licensure under § 42-14.7-3.

32 **42-14.7-5. Standard application for license.**

33 (a) Except as otherwise provided an application for a license:

34 (1) Must be made in a form and medium prescribed by the department;

1           (2) Except as otherwise provided in subsection (b) of this section, must provide the  
2 following information relevant to the applicant's proposed virtual currency business activity:

3           (i) The legal name of the applicant, each current or proposed business United States  
4 Postal Service address of the applicant, and any fictitious or trade name the applicant uses or  
5 plans to use in conducting its virtual currency business activity with or on behalf of a resident;

6           (ii) The legal name, any former or fictitious name, and the residential and business United  
7 States Postal Service address of each executive officer and responsible individual of the applicant,  
8 and each person that has control of the applicant;

9           (iii) A description of the current and former business of the applicant for the five (5)  
10 years before the application is submitted or if the business has operated for less than five (5)  
11 years, for the time the business has operated, including its products and services, associated  
12 website addresses and social media pages, principal place of business, projected user base, and  
13 specific marketing targets;

14           (iv) The name, United States Postal Service address, and telephone number of a person  
15 that manages each server the applicant expects to use in conducting its virtual currency business  
16 activity with or on behalf of a resident and a copy of any agreement with that person;

17           (v) A list of:

18           (A) Each money-service or money-transmitter license the applicant holds in another state;  
19           (B) The date the license expires; and  
20           (C) Any license revocation, license suspension, or other disciplinary action taken against  
21 the applicant in another state and any license applications rejected by another state;

22           (vi) A list of any criminal conviction, deferred prosecution agreement, and pending  
23 criminal proceeding in any jurisdiction against:

24           (A) The applicant;  
25           (B) Each executive officer of the applicant;  
26           (C) Each responsible individual of the applicant;  
27           (D) Each person that has control over the applicant; and  
28           (E) Each person over which the applicant has control;

29           (vii) A list of any litigation, arbitration, or administrative proceeding in any jurisdiction  
30 in which the applicant, or an executive officer or a responsible individual of the applicant, has  
31 been a party for the five (5) years before the application is submitted, determined to be material in  
32 accordance with generally accepted accounting principles and, to the extent the applicant would  
33 be required to disclose the litigation, arbitration, or administrative proceeding in the applicant's  
34 audited financial statements, reports to equity owners, and similar statements or reports;

1           (viii) A list of any bankruptcy or receivership proceeding in any jurisdiction for the ten  
2 (10) years before the application is submitted in which any of the following was a debtor:  
3           (A) The applicant;  
4           (B) An executive officer of the applicant;  
5           (C) A responsible individual of the applicant;  
6           (D) A person that has control over the applicant; and  
7           (E) A person over which the applicant has control;  
8           (ix) The name and United States Postal Service address of each bank in which the  
9 applicant plans to deposit funds obtained by its virtual currency business activity;  
10           (x) The source of funds and credit to be used by the applicant to conduct virtual currency  
11 business activity with or on behalf of a resident and documentation demonstrating that the  
12 applicant has the net worth and reserves required by § 42-14.7-7;  
13           (xi) The United States Postal Service address and electronic mail address to which  
14 communications from the department may be sent;  
15           (xii) The name, United States Postal Service address, and electronic mail address of the  
16 registered agent of the applicant in this state;  
17           (xiii) A copy of the certificate, or a detailed summary acceptable to the department, of  
18 coverage for each liability, casualty, business-interruption, or cyber security insurance policy  
19 maintained by the applicant for itself, an executive officer, a responsible individual, or the  
20 applicant's users;  
21           (xiv) If applicable, the date on which and the state where the applicant is formed and a  
22 copy of a current certificate of good standing issued by that state;  
23           (xv) If a person has control of the applicant and the person's equity interests are publicly  
24 traded in the United States, a copy of the audited financial statement of the person for the most  
25 recent fiscal year or most recent report of the person filed under section 13 of the Securities  
26 Exchange Act of 1934, 15 U.S.C. 78m, as such section existed on the effective date of this  
27 chapter;  
28           (xvi) If a person has control of the applicant and the person's equity interests are publicly  
29 traded outside the United States, a copy of the audited financial statement of the person for the  
30 most recent fiscal year of the person or a copy of the most recent documentation similar to that  
31 required in subsection (a)(2)(xv) of this section filed with the foreign regulator in the domicile of  
32 the person;  
33           (xvii) If the applicant is a partnership or a member-managed limited-liability company,  
34 the names and United States Postal Service addresses of general partners or members;



1 (xviii) If the applicant is required to register with the Financial Crimes Enforcement  
2 Network of the United States Department of the Treasury as a money-service business, evidence  
3 of the registration;

4 (xix) A set of fingerprints for each executive officer and responsible individual of the  
5 applicant;

6 (xx) If available, for each executive officer and responsible individual of the applicant,  
7 for the five (5) years before the application is submitted:

8 (A) Employment history; and  
9 (B) History of any investigation of the individual or legal proceeding to which the  
10 individual was a party;

11 (xxi) The plans through which the applicant will meet its obligations under §§ 42-14.7-29  
12 and 42-14.7-30; and

13 (xxii) Other information the department reasonably requires by rule or regulation; and  
14 (3) Must be accompanied by a nonrefundable fee in the amount of one thousand dollars  
15 (\$1,000).

16 (b) For good cause, the department may waive a requirement of subsection (a) of this  
17 section or permit the applicant to submit other information instead of the required information.

18 (c) An application for a license under this section is not complete until the department  
19 receives all information required by this chapter and completes its investigation under subsection  
20 (d) of this section.

21 (d) On receipt of a completed application:

22 (1) The department shall investigate:

23 (i) The financial condition and responsibility of the applicant;  
24 (ii) The relevant financial and business experience, character, and general fitness of the  
25 applicant; and

26 (iii) The competence, experience, character, and general fitness of each executive officer,  
27 each responsible individual, and any person that has control of the applicant; and

28 (2) The department may conduct an investigation of the business premises of an  
29 applicant.

30 (e) Not later than thirty (30) days after an application is complete, the department shall  
31 send the applicant notice of its decision to approve, conditionally approve, or deny the  
32 application. If the department does not send the applicant notice of its decision within thirty-one  
33 (31) days of completion of the application, the application is deemed denied. If the department  
34 does not receive notice from the applicant that the applicant accepts conditions specified by the

1 department within thirty-one (31) days following the department's notice of the conditions, the  
2 application is deemed denied.

3 (f) A license takes effect on the later of:

4 (1) The date on which the department issues the license; or

5 (2) The date the licensee provides the security required by § 42-14.7-7.

6 (g) An applicant shall pay the reasonable costs of the department's investigation under  
7 this section.

8 **42-14.7-6. Reciprocity license.**

9 (a) Instead of an application required by § 14-14.7-5, a person licensed by another state  
10 which has a reciprocity agreement with Rhode Island may file with the department a reciprocity  
11 license application in compliance with regulations promulgated by the department.

12 (b) When an application under this section is filed the applicant shall submit to the  
13 department:

14 (1) A certification of license history from the agency responsible for issuing a license in  
15 each state in which the applicant has been licensed to conduct virtual currency business activity;

16 (2) A nonrefundable reciprocal licensing application fee in the amount of one thousand  
17 dollars (\$1,000);

18 (3) Documentation demonstrating that the applicant complies with the security and net  
19 worth reserve requirements of § 42-14.7-7; and

20 (4) A certification signed by an executive officer of the applicant affirming that the  
21 applicant will conduct its virtual currency business activity with or on behalf of a resident in  
22 compliance with the provisions of this chapter and the implementing regulations.

23 (c) The department may issue a reciprocity license to conduct virtual currency business  
24 activity by an applicant that complies with this section.

25 **42-14.7-7. Satisfactory security.**

26 (a) Before a license is issued under this chapter:

27 (1) An applicant must deposit with the department funds or investment property, a letter  
28 of credit, a surety bond, or other security satisfactory to the department that:

29 (i) Secures the applicant's faithful performance of its duties under this chapter; and

30 (ii) Is in an amount the department specifies based on the nature and extent of risks in the  
31 applicant's virtual currency business model;

32 (2) The department may not require a surety bond as security under this chapter unless a  
33 surety bond is generally available in the state at a commercially reasonable cost;

34 (3) Security deposited under this section must be payable to the state of Rhode Island for

1 the benefit of a claim against the licensee on account of the licensee's virtual currency business  
2 activity with or on behalf of a resident;

3 (4) Security deposited under this section must cover claims for the period the department  
4 specifies by rule or regulation and for an additional period the department specifies after the  
5 licensee ceases to engage in virtual currency business activity with or on behalf of a resident;

6 (5) For good cause, the department may require the licensee to increase the amount of  
7 security deposited under this section, and the licensee shall deposit the additional security not  
8 later than fifteen (15) days after the licensee receives notice in a record of the required increase;

9 (6) For good cause, the department may permit a licensee to substitute or deposit an  
10 alternate form of security satisfactory to the department if the licensee at all times complies with  
11 this section;

12 (7) A claimant does not have a direct right to recover against security deposited under  
13 this section; and

14 (8) Only the department may recover against the security, and the department may retain  
15 the recovery for no longer than five (5) years and may process claims and distribute recoveries to  
16 claimants in accordance with rules and regulations adopted and promulgated by the department.

17 (b) In addition to the security required under subsection (a) of this section, an applicant at  
18 the time of the application for a license under this chapter, shall submit to the department  
19 evidence of and maintain after issuance of a license:

20 (1) A minimum net worth of twenty-five thousand dollars (\$25,000); and

21 (2) Sufficient unencumbered reserves for winding down the licensee's operations as  
22 agreed to by the department considering the nature and size of expected virtual currency business  
23 activity with or on behalf of residents.

24 (c) A licensee may include in its calculation of net worth virtual currency, measured by  
25 the average value of the virtual currency in U.S. dollar equivalent over the prior six (6) months,  
26 other than the virtual currency over which it has control for a resident entitled to the protections  
27 under § 42-14.7-28.

28 (d) For good cause, the department may require a licensee to increase the net worth or  
29 reserves required under this section. The licensee shall submit to the department evidence that it  
30 has the additional net worth or reserves not later than fifteen (15) days after the licensee receives  
31 notice in a record of the required increase.

32 **42-14.7-8. Issuance of license.**

33 (a) Absent good cause, the department shall issue a license to an applicant if the applicant  
34 complies with the provisions of this chapter and pays the costs of the investigation and the initial

1 licensee fee under § 42-14.7-5.

2 (b) An applicant may appeal a denial of its application under §§ 42-14.7-5 or 42-14.7-6  
3 under chapter 35 of title 42 the (administrative procedures act) not later than thirty (30) days  
4 after:

5 (1) The department notifies the applicant of the denial; or

6 (2) The application is deemed denied.

7 **42-14.7-9. License renewal.**

8 (a) Subject to subsection (g) of this section, not later than fifteen (15) days before the  
9 anniversary date of issuance of its license under this chapter, a licensee may apply for renewal of  
10 the license by:

11 (1) Paying a renewal fee of one thousand dollars (\$1,000); and

12 (2) Submitting to the department a renewal report under subsection (b) of this section.

13 (b) A renewal report required by subsection (a)(2) of this section must be submitted in a  
14 form and medium prescribed by the department. The report must contain:

15 (1) A copy of the licensee's most recent:

16 (i) Reviewed annual financial statement if the licensee's virtual currency business activity  
17 in this state was fifty thousand dollars (\$50,000) or less for the fiscal year ending before the  
18 anniversary date of issuance of its license under the act; or

19 (ii) Audited annual financial statement if the licensee's virtual currency business activity  
20 in this state amounted to more than fifty thousand dollars (\$50,000) for the fiscal year ending  
21 before the anniversary date;

22 (2) If a person other than an individual has control of the licensee, a copy of the person's  
23 most recent:

24 (i) Reviewed annual financial statement if the person's gross revenue was fifty thousand  
25 dollars (\$50,000) or less in the previous fiscal year, measured as of the anniversary date of  
26 issuance of its license under this chapter; or

27 (ii) Audited consolidated annual financial statement if the person's gross revenue was  
28 more than fifty thousand dollars (\$50,000) in the previous fiscal year, measured as of the  
29 anniversary date of issuance of its license under this chapter;

30 (3) A description of any:

31 (i) Material change in the financial condition of the licensee;

32 (ii) Material litigation involving the licensee or an executive officer or responsible  
33 individual of the licensee;

34 (iii) License suspension or revocation proceeding commenced, or other action taken,

1 involving a license to conduct virtual currency business activity issued by another state on which  
2 reciprocal licensing is based;

3 (iv) Federal or state investigation involving the licensee; and  
4 (v) Data security breach involving the licensee;

5 (4) Information or records required by § 42-14.7-17 the licensee has not reported to the  
6 department;

7 (5) The number of virtual currency business activity transactions with or on behalf of  
8 residents for the period since, subject to subsection (g) of this section, the later of the date the  
9 license was issued or the date the last renewal report was submitted;

10 (6)(i) The amount of U.S. dollar equivalent of virtual currency in the control of the  
11 licensee at, subject to subsection (g) of this section, the end of the last month that ends not later  
12 than thirty (30) days before the date of the renewal report; and

13 (ii) Total number of residents for whom the licensee had control of U.S. dollar equivalent  
14 of virtual currency on that date;

15 (7) Evidence that the licensee continues to satisfy § 42-14.7-28;  
16 (8) Evidence that the licensee continues to satisfy § 42-14.7-7;

17 (9) A list of each location where the licensee operates its virtual currency business  
18 activity; and

19 (10) The name, United States Postal Service address, and telephone number of each  
20 person that manages a server used by the licensee in conducting its virtual currency business  
21 activity with or on behalf of a resident.

22 (c) If a licensee does not timely comply with subsection (a) of this section, the  
23 department may use enforcement measures provided under §§ 42-14.7-20 through 42-17.7-25.  
24 Notice or hearing is not required for a suspension or revocation of a license under this chapter for  
25 failure to pay a renewal fee or file a renewal report.

26 (d) If the department suspends or revokes a license under the provisions of this chapter  
27 for noncompliance with subsection (a) of this section, the department may end the suspension or  
28 rescind the revocation and notify the licensee of the action if, subject to subsection (g) of this  
29 section, not later than twenty (20) days after the license was suspended or revoked, the licensee:

30 (1) Files a renewal report and pays a renewal fee; and  
31 (2) Pays any penalty assessed under § 42-14.7-23.

32 (e) The department shall give prompt notice to a licensee of the lifting of a suspension or  
33 rescission of a revocation after the licensee complies with subsection (d) of this section.

34 (f) Suspension or revocation of a license under this section does not invalidate a transfer

1 or exchange of virtual currency for or on behalf of a resident made during the suspension or  
2 revocation and does not insulate the licensee from liability.

3 (g) For good cause, the department may extend a period under this section.

4 (h) The department shall review the renewal of a license issued under § 42-14.7-6 to  
5 ensure that the state that issued the original license has not suspended, revoked, or limited the  
6 license.

7 (i) A licensee that does not comply with this section shall cease operations with or on  
8 behalf of a resident on or before the anniversary date of issuance of its license under this chapter.

9 (j) A licensee shall pay the reasonable and necessary costs of the department's  
10 investigation under this section.

11 **42-14.7-10. Limited volume - Short-form license.**

12 (a) A person whose volume of virtual currency business activity in U.S. dollar equivalent  
13 of virtual currency will not exceed thirty-five thousand dollars (\$35,000) annually may engage in  
14 virtual currency business activity with or on behalf of a resident under a short-form license under  
15 rules promulgated by the department without first obtaining a standard license under § 42-14.7-5  
16 if the person:

17 (1) Files with the department a notice in the form and medium prescribed by the  
18 department of its intention to engage in virtual currency business activity with or on behalf of a  
19 resident;

20 (2) Provides the information for an investigation under § 42-14.7-5;

21 (3) States the anticipated virtual currency business activity for its next fiscal quarter;

22 (4) Pays the department a registration fee in the amount of three hundred dollars (\$300);

23 (5) If required to register with the Financial Crimes Enforcement Network of the United  
24 States Department of the Treasury as a money-service business, provides the department evidence  
25 of the registration;

26 (6) Provides evidence that the person has policies and procedures to comply with the  
27 Bank Secrecy Act, 31 U.S.C. 5311 et seq., as such act existed on the effective date of this chapter,  
28 and other applicable laws;

29 (7) Describes the source of funds and credit to be used by the person to conduct virtual  
30 currency business activity with or on behalf of a resident and provides evidence of and agrees to  
31 maintain the minimum net worth and reserves required by § 42-14.7-7 and sufficient  
32 unencumbered reserves for winding down operations;

33 (8) Provides the department with evidence that the person has in place policies and  
34 procedures to comply with the provisions of this chapter; and

1 (9) Provides the department with a copy of its most recent financial statement, whether  
2 reviewed or audited.

3 (b) Before the virtual currency business activity of a short-form licensee with or on behalf  
4 of residents exceeds thirty-five thousand dollars (\$35,000) annually in U.S. dollar equivalent of  
5 virtual currency, the registrant shall file an application for a standard license under § 42-14.7-5  
6 and may continue to operate after the activity exceeds thirty-five thousand dollars (\$35,000)  
7 annually while its application for license is pending.

8 (c) For good cause, the department may suspend or revoke a short-form license without a  
9 prior hearing or opportunity to be heard.

10 (d) A licensee shall cease all virtual currency business activity with or on behalf of  
11 residents:

12 (1) If the department suspends or revokes the registration, one day after the department  
13 sends notice of the suspension or revocation to the licensee in a record by a means reasonably  
14 selected for the notice to be received by the recipient in one day, to the address provided for  
15 receiving communications from the department;

16 (2) If the virtual currency business activity of the limited volume short-form licensee with  
17 or on behalf of residents exceeds thirty-five thousand (\$35,000) dollars annually in U.S. dollar  
18 equivalent of virtual currency and the licensee has not filed an application for a license under §  
19 42-14.7-5; or

20 (3) On the second anniversary date of the registration.

21 **42-14.7-11. License not transferable.**

22 A license issued pursuant to this chapter is not transferable or assignable.

23 **42-14.7-12. Rules and regulations.**

24 The department may adopt and promulgate rules and regulations to implement the  
25 provisions of this chapter and issue guidance as appropriate.

26 **42-14.7-13. Examinations.**

27 (a) The department may conduct an annual examination of a licensee. For good cause, the  
28 department may conduct an additional examination. The department may examine a licensee  
29 without prior notice to the licensee.

30 (b) A licensee shall pay the reasonable and necessary costs of an examination under this  
31 section.

32 (c) Information obtained during an examination conducted by the department may be  
33 disclosed only as provided in § 42-14.7-15.

34 **42-14.7-14. Record maintenance.**

1 (a) A licensee shall maintain, for all virtual currency business activity with or on behalf  
2 of a resident five (5) years after the date of the activity, a record of:

3 (1) Each transaction of the licensee with or on behalf of the resident or for the licensee's  
4 account in this state, including:

5 (A) The identity of the resident;

6 (B) The form of the transaction;

7 (C) The amount, date, and payment instructions given by the resident; and

8 (D) The account number, name, and United States Postal Service address of the resident,  
9 and, to the extent feasible, other parties to the transaction;

10 (2) The aggregate number of transactions and aggregate value of transactions by the  
11 licensee with or on behalf of the resident and for the licensee's account in this state, expressed in  
12 U.S. dollar equivalent of virtual currency for the previous twelve (12) calendar months;

13 (3) Each transaction in which the licensee exchanges one form of virtual currency for  
14 legal tender or another form of virtual currency with or on behalf of the resident;

15 (4) A general ledger posted at least monthly that lists all assets, liabilities, capital,  
16 income, and expenses of the licensee;

17 (5) Each business-call report the licensee is required to create or provide to the  
18 department;

19 (6) Bank statements and bank reconciliation records for the licensee and the name,  
20 account number, and United States Postal Service address of each bank the licensee uses in the  
21 conduct of its virtual currency business activity with or on behalf of the resident;

22 (7) A report of any dispute with the resident; and

23 (8) A report of any virtual currency business activity transaction with or on behalf of a  
24 resident which the licensee was unable to complete.

25 (b) A licensee shall maintain records required by subsection (a) of this section in a form  
26 that enables the department to determine whether the licensee is in compliance with any court  
27 order, and law of this state.

28 (c) If a licensee maintains records outside this state that pertain to transactions with or on  
29 behalf of a resident, the licensee shall make the records available to the department not later than  
30 three (3) days after a request, or, on a determination of good cause by the department, at a later  
31 time.

32 (d) All records maintained by a licensee are subject to inspection by the department.

33 **42-14.7-15. Exchange of information.**

34 (a) Subject to § 42-14.7-16 concerning privacy, consumer financial privacy, data



1 protection, privilege, and confidentiality, the department may cooperate, coordinate, jointly  
2 examine, consult, and share records and other information with the appropriate regulatory agency  
3 of another state, a self-regulatory organization, a federal or state regulator of banking or  
4 nondepository providers, or a regulator of a jurisdiction outside the United States, concerning the  
5 affairs and conduct of a licensee in this state.

6 (b) The department shall:

7 (1) Establish or participate in, with another state that enacts a law substantially similar to  
8 this chapter, a central depository for filings required by law of this state other than the provisions  
9 of this chapter;

10 (2) Cooperate in developing and implementing uniform forms for applications and  
11 renewal reports and the conduct of joint administrative proceedings and civil actions;

12 (3) Formulate joint rules, regulations, forms, statements of policy, and guidance and  
13 interpretative opinions and releases; and

14 (4) Develop common systems and procedures.

15 (c) The department may not establish or participate in a central commercial depository  
16 that contains nonpublic personally identifiable information which does not comply with section  
17 502(e)(5) or (8) of the Gramm-Leach-Bliley Act, 15 U.S.C. 6802(e)(5) or (8), as such  
18 subdivisions existed on the effective date of this chapter, or with the Right to Financial Privacy  
19 Act of 1978, 12 U.S.C. 3401 et seq., as such act existed on the effective date of this chapter.

20 (d) In deciding whether and how to cooperate, coordinate, jointly examine, consult, or  
21 share records and other information under subsection (a) of this section, the department shall  
22 consider:

23 (1) Maximizing effectiveness and uniformity of regulation, examination, implementation,  
24 and enforcement for the benefit of residents and licensees; and

25 (2) Minimizing burdens on licensees without adversely affecting protection for residents.

26 **42-14.7-16. Information not subject to disclosure.**

27 (a) Except as otherwise provided in subsection (b) or (c) of this section, information not  
28 contained in a report otherwise available to the public or reports obtained by the department from  
29 an applicant, or licensee, information contained in or related to an examination, investigation, or  
30 operating or condition report prepared by, on behalf of, or for the use of the department; and other  
31 financial and operating information is not subject to disclosure. If the department determines the  
32 information or records are confidential under the open records law of a reciprocal-licensing state,  
33 the information or records may not be disclosed.

34 (b) A trade secret of an applicant, or a licensee, is confidential and is not subject to

1 disclosure. If the department determines a trade secret is confidential under the open records law  
2 of a reciprocal-licensing state, the trade secret shall not be disclosed.

3 (c) Subsection (a) of this section does not prohibit disclosure of:

4 (1) General information about a licensee's virtual currency business activity with or on  
5 behalf of a resident;

6 (2) A list of persons licensed pursuant to the provisions of this chapter; or

7 (3) Aggregated financial data concerning licensees in this state.

8 **42-14.7-17. Material change filing.**

9 (a) Each licensee and registrant shall file with the department a report of:

10 (1) A material change in information in the application for a license issued pursuant to  
11 the provisions of this chapter or the most recent renewal report of the licensee;

12 (2) A material change in the licensee's business for the conduct of its virtual currency  
13 business activity with or on behalf of a resident; and

14 (3) A change of an executive officer, responsible individual, or person in control of the  
15 licensee or registrant.

16 (b) Absent good cause, a report required by subsection (a) of this section must be filed  
17 not later than fifteen (15) days after the change.

18 **42-14.7-18. Control of licensee.**

19 (a) In this section, "proposed person to be in control" means the person that would control  
20 a licensee after a proposed transaction that would result in a change in control of the licensee.

21 (b) The following rules apply in determining whether a person has control over a  
22 licensee:

23 (1) There is a rebuttable presumption of control if the person's voting power in the  
24 licensee constitutes or will constitute at least twenty-five percent (25%) of the total voting power  
25 of the licensee.

26 (2) There is a rebuttable presumption of control if:

27 (i) The person's voting power in another person constitutes or will constitute at least ten  
28 percent (10%) of the total voting power of the other person; and

29 (ii) The other person's voting power in the licensee constitutes at least twenty-five percent  
30 (25%) of the total voting power of the licensee.

31 (3) There is no presumption of control solely because an individual is an executive officer  
32 of the licensee.

33 (c) At least thirty (30) days before a proposed change in control of a licensee, the  
34 proposed person to be in control shall submit to the department in a record:

1 (1) An application in a form and medium prescribed by the department;  
2 (2) The information and records that § 42-14.7-5 would require if the proposed person to  
3 be in control already had control of the licensee; and

4 (3) A license application under § 42-14.7-5 by the proposed person to be in control.

5 (d) The department, in accordance with § 42-14.7-5, shall approve, approve with  
6 conditions, or deny an application for a change in control of a licensee. The department, in a  
7 record, shall send notice of its decision to the licensee and the person that would be in control if  
8 the department had approved the change in control. If the department denies the application, the  
9 licensee shall abandon the proposed change in control or cease virtual currency business activity  
10 with or on behalf of residents.

11 (e) If the department applies a condition to approval of a change in control of a licensee  
12 and the department does not receive notice of the applicant's acceptance of the condition specified  
13 by the department not later than thirty-one (31) days after the department sends notice of the  
14 condition, the application is deemed denied. If the application is deemed denied, the licensee shall  
15 abandon the proposed change in control or cease virtual currency business activity with or on  
16 behalf of residents.

17 (f) Submission in good faith of records required by subsection (c) of this section relieves  
18 the proposed person to be in control from any obligation imposed by this section other than  
19 subsections (d), (e), and (h) of this section until the department has acted on the application.

20 (g) The department may revoke or modify a determination under subsection (d) of this  
21 section, after notice and opportunity to be heard, if, in its judgment, revocation or modification is  
22 consistent with the provisions of this chapter.

23 (h) If a change in control of a licensee requires approval of an agency of this state or  
24 another state with which this state has a reciprocity agreement and the action of the other agency  
25 conflicts with that of the department, the department shall confer with the other agency. If the  
26 proposed change in control cannot be completed because the conflict cannot be resolved, the  
27 licensee shall abandon the change in control or cease virtual currency business activity with or on  
28 behalf of residents.

29 **42-14.7-19. Merger or consolidation.**

30 (a) At least thirty (30) days before a proposed merger or consolidation of a licensee with  
31 another person, the licensee shall submit to the department in a record:

32 (1) An application in a form and medium prescribed by the department;

33 (2) The plan of merger or consolidation in accordance with subsection (e) of this section;

34 (3) In the case of a licensee, the information required by § 42-14.7-5 concerning the

1 person that would be the surviving entity in the proposed merger or consolidation; and

2 (4) In the case of a limited volume short-form licensee the information required by § 42-  
3 14.7-10 concerning the person that would be the surviving entity in the proposed merger or  
4 consolidation.

5 (b) If a proposed merger or consolidation would change the control of a licensee, the  
6 licensee shall comply with § 42-14.7-18 and this section.

7 (c) The department, in accordance with § 42-14.7-5, shall approve, conditionally approve,  
8 or deny an application for approval of a merger or consolidation of a licensee. The department, in  
9 a record, shall send notice of its decision to the licensee and the person that would be the  
10 surviving entity. If the department denies the application, the licensee shall abandon the merger or  
11 consolidation or cease virtual currency business activity with or on behalf of residents.

12 (d) The department may revoke or modify a determination under subsection (c) of this  
13 section, after notice and opportunity to be heard, if, in its judgment, revocation or modification is  
14 consistent with the provisions of this chapter.

15 (e) A plan of merger or consolidation of a licensee with another person must:

16 (1) Describe the effect of the proposed transaction on the licensee's conduct of virtual  
17 currency business activity with or on behalf of residents;

18 (2) Identify each person to be merged or consolidated and the person that would be the  
19 surviving entity; and

20 (3) Describe the terms and conditions of the merger or consolidation and the mode of  
21 carrying it into effect.

22 (f) If a merger or consolidation of a licensee and another person requires approval of an  
23 agency of this state or another state with which this state has a reciprocity agreement and the  
24 action of the other agency conflicts with that of the department, the department shall confer with  
25 the other agency. If the proposed merger or consolidation cannot be completed because the  
26 conflict cannot be resolved, the licensee shall abandon the merger or consolidation or cease  
27 virtual currency business activity with or on behalf of residents.

28 (g) The department may condition approval of an application under subsection (a) of this  
29 section. If the department does not receive notice from the parties that the parties accept the  
30 department's condition not later than thirty-one (31) days after the department sends notice in a  
31 record of the condition, the application is deemed denied. If the application is deemed denied, the  
32 licensee shall abandon the merger or consolidation or cease virtual currency business activity  
33 with or on behalf of residents.

34 (h) If a licensee acquires substantially all the assets of a person, whether or not the

1 person's license was approved by the department, the transaction is subject to this section.

2 (i) Submission in good faith of the records required by subsection (e) of this section  
3 relieves the proposed surviving entity from any obligation imposed by this section, other than  
4 subsections (c), (f), and (g) of this section, until the department has acted on the application.

5 **42-14.7-20. Enforcement measures.**

6 "Enforcement measure" means an action to:

7 (1) Suspend or revoke a license or a registration;

8 (2) Order a person to cease and desist from doing virtual currency business activity with  
9 or on behalf of a resident;

10 (3) Request the court to appoint a receiver for the assets of a person doing virtual  
11 currency business activity with or on behalf of a resident;

12 (4) Request the court to issue temporary, preliminary, or permanent injunctive relief  
13 against a person doing virtual currency business activity with or on behalf of a resident;

14 (5) Assess a penalty under § 42.14.7-23;

15 (6) Recover on the security under § 42-14.7-7 and initiate a plan to distribute the  
16 proceeds for the benefit of a resident injured by a violation of this chapter or law of this state  
17 other than this chapter which applies to virtual currency business activity with or on behalf of a  
18 resident; or

19 (7) Impose necessary or appropriate conditions on the conduct of virtual currency  
20 business activity with or on behalf of a resident.

21 **42-14.7-21. Enforcement action by department.**

22 (a) The department may take an enforcement measure against a licensee, or person that is  
23 not a licensee but is engaging in virtual currency business activity with or on behalf of a resident  
24 if:

25 (1) The licensee, or person materially violates the provisions of this chapter, a rule or  
26 regulation adopted and promulgated or order issued by the department, or law of this state which  
27 applies to virtual currency business activity of the violator with or on behalf of a resident;

28 (2) The licensee, or person does not cooperate substantially with an examination or  
29 investigation by the department, fails to pay a fee, or fails to submit a report or documentation;

30 (3) The licensee, or person, in the conduct of its virtual currency business activity with or  
31 on behalf of a resident, engages in:

32 (i) An unsafe or unsound act or practice;

33 (ii) An unfair or deceptive act or practice;

34 (iii) Fraud or intentional misrepresentation;

- 1           (iv) Another dishonest act; or
- 2           (v) Misappropriation of legal tender, virtual currency, or other value held by a fiduciary;
- 3           (4) An agency of the United States or another state takes an action against the licensee, or  
4 person which would constitute an enforcement measure if the department had taken the action;
- 5           (5) The licensee, or person is convicted of a crime related to its virtual currency business  
6 activity with or on behalf of a resident or involving fraud or felonious activity that, as determined  
7 by the department, makes the licensee, or person unsuitable to engage in virtual currency business  
8 activity;
- 9           (6) The licensee, or person:
- 10           (i) Becomes insolvent;
- 11           (ii) Makes a general assignment for the benefit of its creditors;
- 12           (iii) Becomes the debtor, alleged debtor, respondent, or person in a similar capacity in a  
13 case or other proceeding under any bankruptcy, reorganization, arrangement, readjustment,  
14 insolvency, receivership, dissolution, liquidation, or similar law, and does not obtain from the  
15 court, within a reasonable time, confirmation of a plan or dismissal of the case or proceeding; or
- 16           (iv) Applies for or permits the appointment of a receiver, trustee, or other agent of a court  
17 for itself or for a substantial part of its assets; or
- 18           (7) The licensee, or person makes a material misrepresentation to the department.
- 19           (b) On application and for good cause, the department may:
- 20           (1) Extend the due date for filing a document or report under of subsection (a) of this  
21 section; or
- 22           (2) Waive to the extent warranted by circumstances, such as a bona fide error  
23 notwithstanding reasonable procedures designed to prevent error, an enforcement measure under  
24 subsection (a) of this section if the department determines that the waiver will not adversely  
25 affect the likelihood of compliance with the provisions of this chapter.
- 26           (c) In an enforcement action related to operating without a license it is a defense to the  
27 action that the person has in effect a customer identification program reasonably designed to  
28 identify whether a customer is a resident, which failed to identify the particular customer as a  
29 resident.
- 30           (d) A proceeding under this chapter is subject to chapter 35 of title 42 the (administrative  
31 procedures act).

32           **42-14.7-22. Notice and hearing.**

- 33           (a) Except as otherwise provided in subsection (b) of this section, the department may  
34 take an enforcement measure only after notice and opportunity for a hearing appropriate in the

1 circumstances.

2 (b) The department may take an enforcement measure other than the imposition of a civil  
3 penalty under § 42-14.7-23:

4 (1) Without notice if the circumstances require action before notice can be given;

5 (2) After notice and without a prior hearing if the circumstances require action before a  
6 hearing can be held; or

7 (3) After notice and without a hearing if the person conducting virtual currency business  
8 activity with or on behalf of a resident does not timely request a hearing.

9 (c) If the department takes action under subsection (b)(1) or (b)(2) of this section, the  
10 person subject to the enforcement measure has the right to an expedited post-action hearing by  
11 the department unless the person has waived the hearing.

12 **42-14.7-23. Penalty.**

13 (a) If a person other than a licensee engages in virtual currency business activity with or  
14 on behalf of a resident in violation of the provisions of this chapter, the department may assess a  
15 civil penalty against the person in an amount not to exceed fifty thousand dollars (\$50,000) for  
16 each day of violation.

17 (b) If a licensee materially violates a provision of this chapter, the department may assess  
18 a civil penalty in an amount not to exceed ten thousand dollars (\$10,000) for each day of  
19 violation.

20 (c) A civil penalty under this section continues to accrue until the earlier of:

21 (1) The date the violation ceases; or

22 (2) A date specified by the department.

23 **42-14.7-24. Revocation or suspension of license.**

24 (a) Revocation of a license is effective against a licensee one day after the department  
25 sends notice in a record of the revocation to the licensee, by a means reasonably selected for the  
26 notice to be received by the recipient in one day, to the address provided for receiving  
27 communications from the department.

28 (b) Suspension of a license or an order to cease and desist is effective against a licensee,  
29 or other person one day after the department sends notice in a record of the suspension or order to  
30 the licensee, or other person, by a means reasonably selected for the notice to be received by the  
31 recipient in one day, to the address provided for receiving communications from the department  
32 or, if no address is provided, to the recipient's last-known address. A suspension or order to cease  
33 and desist remains in effect until the earliest of:

34 (1) Entry of an order under chapter 35 of title 42 the (administrative procedures act),

1 setting aside or limiting the suspension or order;

2 (2) Entry of a court order setting aside or limiting the suspension or order to cease and  
3 desist; or

4 (3) A date specified by the department.

5 (c) If, without reason to know of the department's notice sent under subsection (a) or (b)  
6 of this section, a licensee, or other person does not comply in accordance with the notice until the  
7 notice is actually received at the address provided, the department may consider the delay in  
8 compliance in imposing a sanction for the failure.

9 **42-14.7-25. Consent orders.**

10 The department may enter into a consent order with a person regarding an enforcement  
11 measure. The order may provide that it does not constitute an admission of fact by a party.

12 **42-14.7-26. No private cause of action.**

13 (a) Except as otherwise provided in this section, a person does not have a private right of  
14 action for violation of the provisions of this chapter.

15 (b) The department may bring an action for restitution on behalf of a resident if the  
16 department proves economic injury due to a violation of the provision of this chapter.

17 (c) This section does not preclude an action by a resident to enforce rights under or law of  
18 this state other than the provisions of this chapter.

19 **42-14.7-27. Required disclosures.**

20 (a) A licensee shall provide to a resident who uses the licensee's products or service the  
21 disclosures required by subsection (b) of this section and any additional disclosure the department  
22 by rule or regulation determines reasonably necessary for the protection of residents. The  
23 department shall determine by rule or regulation the time and form required for disclosure. A  
24 disclosure required by this section must be made separately from any other information provided  
25 by the licensee and in a clear and conspicuous manner in a record the resident may keep. A  
26 licensee may propose for the department's approval alternate disclosures as more appropriate for  
27 its virtual currency business activity with or on behalf of residents.

28 (b) Before establishing a relationship with a resident, a licensee shall disclose, to the  
29 extent applicable to the virtual currency business activity the licensee will undertake with the  
30 resident:

31 (1) A schedule of fees and charges the licensee may assess, the manner by which fees and  
32 charges will be calculated if they are not set in advance and disclosed, and the timing of the fees  
33 and charges;

34 (2) Whether the product or service provided by the licensee is covered by:



1           (i) A form of insurance or is otherwise guaranteed against loss by an agency of the United  
2 States:  
3           (A) Up to the full U.S. dollar equivalent of virtual currency placed under the control of or  
4 purchased from the licensee as of the date of the placement or purchase, including the maximum  
5 amount provided by insurance under the Federal Deposit Insurance Corporation or otherwise  
6 available from the Securities Investor Protection Act of 1970, 15 U.S.C. 78aaa et seq., as the act  
7 existed on the effective date of this chapter; or  
8           (B) If not provided at the full U.S. dollar equivalent of virtual currency placed under the  
9 control of or purchased from the licensee the maximum amount of coverage for each resident  
10 expressed in the U.S. dollar equivalent of the virtual currency; or  
11           (ii) Private insurance against theft or loss, including cyber theft or theft by other means;  
12           (3) The irrevocability of a transfer or exchange and any exception to irrevocability;  
13           (4) A description of:  
14           (i) Liability for an unauthorized, mistaken, or accidental transfer or exchange;  
15           (ii) The resident's responsibility to provide notice to the licensee of the transfer or  
16 exchange;  
17           (iii) The basis for any recovery by the resident from the licensee;  
18           (iv) General error-resolution rights applicable to the transfer or exchange; and  
19           (v) The method for the resident to update the resident's contact information with the  
20 licensee;  
21           (5) That the date or time when the transfer or exchange is made and the resident's account  
22 is debited may differ from the date or time when the resident initiates the instruction to make the  
23 transfer or exchange;  
24           (6) Whether the resident has a right to stop a preauthorized payment or revoke  
25 authorization for a transfer and the procedure to initiate a stop-payment order or revoke  
26 authorization for a subsequent transfer;  
27           (7) The resident's right to receive a receipt, trade ticket, or other evidence of the transfer  
28 or exchange;  
29           (8) The resident's right to at least thirty (30) days' prior notice of a change in the  
30 licensee's fee schedule, other terms and conditions of operating its virtual currency business  
31 activity with the resident, and the policies applicable to the resident's account; and  
32           (9) That virtual currency is not legal tender.  
33           (c) Except as otherwise provided in subsection (d) of this section, at the conclusion of a  
34 virtual-currency transaction with or on behalf of a resident, a licensee shall provide the resident a

1 confirmation in a record which contains:

2 (1) The name and contact information of the licensee, including information the resident  
3 may need to ask a question or file a complaint;

4 (2) The type, value, date, precise time, and amount of the transaction; and

5 (3) The fee charged for the transaction, including any charge for conversion of virtual  
6 currency to legal tender, bank credit, or other virtual currency.

7 (d) If a licensee discloses that it will provide a daily confirmation in the initial disclosure  
8 under subsection (c) of this section, the licensee may elect to provide a single, daily confirmation  
9 for all transactions with or on behalf of a resident on that day instead of a per-transaction  
10 confirmation.

11 **42-14.7-28. Maintaining sufficient virtual currency.**

12 (a) A licensee that has control of virtual currency for one or more persons shall maintain  
13 in its control an amount of each type of virtual currency sufficient to satisfy the aggregate  
14 entitlements of the persons to the type of virtual currency.

15 (b) If a licensee violates subsection (a) of this section, the property interests of the  
16 persons in the virtual currency are pro rata property interests in the type of virtual currency to  
17 which the persons are entitled, without regard to the time the persons became entitled to the  
18 virtual currency or the licensee obtained control of the virtual currency.

19 (c) The virtual currency referred to in this section is:

20 (1) Held for the persons entitled to the virtual currency;

21 (2) Not property of the licensee; and

22 (3) Not subject to the claims of creditors of the licensee.

23 **42-14.7-29. Required policies and procedures.**

24 (a) An applicant, before submitting an application, shall create and, during licensure  
25 maintain in a record policies and procedures for:

26 (1) An information-security and operational-security program;

27 (2) A business-continuity program;

28 (3) A disaster-recovery program;

29 (4) An anti-fraud program;

30 (5) An anti-money-laundering program;

31 (6) A program to prevent funding of terrorist activity; and

32 (7) A program designed to:

33 (i) Ensure compliance with the law of this state, and federal law, which are relevant to the  
34 virtual currency business activity contemplated by the licensee with or on behalf of residents; and

1 (ii) Assist the licensee in achieving the purposes of law of this state and federal law.

2 (b) Each policy required by subsection (a) of this section must be in a record and  
3 designed to be adequate for a licensees contemplated virtual currency business activity with or on  
4 behalf of residents, considering the circumstances of all participants and the safe operation of the  
5 activity. Each policy and implementing procedure must be compatible with other policies and the  
6 procedures implementing them and not conflict with policies or procedures applicable to the  
7 licensee under law of this state.

8 (c) A licensee's policy for detecting fraud must include:

9 (1) Identification and assessment of the material risks of its virtual currency business  
10 activity related to fraud;

11 (2) Protection against any material risk related to fraud identified by the department or  
12 the licensee; and

13 (3) Periodic evaluation and revision of the anti-fraud procedure.

14 (d) A licensee's policy for preventing money laundering and financing of terrorist activity  
15 must include:

16 (1) Identification and assessment of the material risks of its virtual currency business  
17 activity related to money laundering and financing of terrorist activity;

18 (2) Procedures, in accordance with federal law or guidance published by federal agencies  
19 responsible for enforcing federal law, pertaining to money laundering and financing of terrorist  
20 activity; and

21 (3) Filing reports under the Bank Secrecy Act, 31 U.S.C. 5311 et seq., as such act existed  
22 on the effective date of this chapter, or 31 C.F.R. Chapter X, Financial Crimes Enforcement  
23 Network, Department of the Treasury, as such rule existed on the effective date of this chapter,  
24 and other federal or state laws pertaining to the prevention or detection of money laundering or  
25 financing of terrorist activity.

26 (e) A licensee's information-security and operational-security policy must include  
27 reasonable and appropriate administrative, physical, and technical safeguards to protect the  
28 confidentiality, integrity, and availability of any nonpublic personal information or virtual-  
29 currency it receives, maintains, or transmits.

30 (f) A licensee is not required to file with the department a copy of a report it makes to a  
31 federal authority unless the department specifically requires filing.

32 (g) A licensees protection policy under subsection (e) of this section for residents must  
33 include:

34 (1) Any action or system of records required to comply with the provisions of state law

1 applicable to the licensee with respect to virtual currency business activity with or on behalf of a  
2 resident;

3 (2) A procedure for resolving disputes between the licensee and a resident;

4 (3) A procedure for a resident to report an unauthorized, mistaken, or accidental virtual  
5 currency business activity transaction; and

6 (4) A procedure for a resident to file a complaint with the licensee and for the resolution  
7 of the complaint in a fair and timely manner with notice to the resident as soon as reasonably  
8 practical of the resolution and the reasons for the resolution.

9 (h) After the policies and procedures required under this section are created and approved  
10 by the department and the licensee, the licensee shall engage a responsible individual with  
11 adequate authority and experience to monitor each policy and procedure, publicize it as  
12 appropriate, recommend changes as desirable, and enforce it.

13 (i) A licensee may:

14 (1) Request advice from the department as to compliance with this section; and

15 (2) With the department's approval, outsource functions, other than compliance, required  
16 under this section.

17 (j) Failure of a particular policy or procedure adopted under this section to meet its goals  
18 in a particular instance is not a ground for liability of the licensee if the policy or procedure was  
19 created, implemented, and monitored properly. Repeated failures of a policy or procedure are  
20 evidence that the policy or procedure was not created or implemented properly.

21 (k) Policies and procedures adopted under this section must be disclosed separately from  
22 other disclosures made available to a resident, in a clear and conspicuous manner and in the  
23 medium through which the resident contacted the licensee.

24 **42-14.7-30. Applicant to establish policies.**

25 (a) An applicant, before submitting its application, shall establish and maintain in a  
26 record a policy or procedure designed to ensure compliance with:

27 (1) The provisions of this chapter; and

28 (2) Law of this state other than this chapter if:

29 (i) The other law is relevant to the virtual currency business activity contemplated by the  
30 licensee; or

31 (ii) The provisions of this chapter could assist in the purpose of the other law because  
32 violation of the other law has a remedy under this chapter.

33 (b) A policy or procedure under subsection (a) of this section:

34 (1) Must be compatible, and not conflict, with requirements applicable to a licensee under

1 law of this state and under federal law; and

2 (2) May be a policy or procedure in existence for the licensee's virtual currency business  
3 activity with or on behalf of a resident.

4 (c) After the policies and procedures required under this section are created by the  
5 licensee and approved by the department, the licensee shall engage a responsible individual with  
6 adequate authority and experience to monitor each policy or procedure, publicize it as  
7 appropriate, recommend changes as desirable, and enforce it.

8 (d) A licensee may:

9 (1) Request advice from the department as to compliance with this section; and

10 (2) With the department's approval, outsource functions, other than compliance, required  
11 under this section.

12 (e) Failure of a particular policy or procedure adopted under this section to meet its goals  
13 in a particular instance is not a ground for liability of the licensee if the policy or procedure was  
14 created, implemented, and monitored properly. Repeated failures of a policy or procedure are  
15 evidence that the policy or procedure was not created or implemented properly.

16 **42-14.7-31. Statutory construction.**

17 In applying and construing the provisions of this chapter, consideration shall be given to  
18 the need to promote uniformity of the law with respect to its subject matter among the states that  
19 enact it.

20 **42-14.7-32. Signatures.**

21 The provisions of this chapter modifies, limits, or supersedes the Electronic Signatures in  
22 Global and National Commerce Act, 15 U.S.C. 7001, et seq., but does not modify, limit, or  
23 supersede section 101(c) of that act, 15 U.S.C. 7001(c), or authorize electronic delivery of any of  
24 the notices described in section 103(b) of that act, 15 U.S.C. 7003(b) as such section and  
25 subsections existed on the effective date of this chapter.

26 **42-14.7-33. Financial institutions.**

27 (a) A license issued under title 19 which is in effect immediately before the effective date  
28 of this chapter remains in effect as a license for its duration unless revoked or suspended by the  
29 licensing authority that issued it. A person or business licensed under title 19 which does not  
30 intend to engage in virtual currency business activity is not required to inform the department of  
31 its intention.

32 (b) If the department denies, suspends, or revokes a license issued pursuant to the terms  
33 of this chapter or suspends or revokes a registration to conduct virtual currency business activity  
34 with or on behalf of a resident, the denial, suspension, or revocation may not be used as a ground

1 for suspension or revocation of a license granted under title 19 unless the grounds for denial,  
2 suspension or revocation independently provides a basis for action against the licensee.

3 (c) The provisions of this chapter apply to virtual currency business activity with or on  
4 behalf of a resident on or after the effective date of this chapter.

5 (d) A person is deemed to be conducting unlicensed virtual currency business activity  
6 with or on behalf of a resident in violation of the provisions of this chapter if the person engages  
7 in virtual currency business activity on or after the effective date of this chapter and the person  
8 does not hold a license issued or recognized under the chapter, is not exempt from the provisions  
9 of this chapter, and has not applied for a license. This subsection includes a person that:

10 (1) Has obtained a license under the title 19 whether or not that act covers virtual  
11 currency business activity, or holds a charter as a trust company from this state; and

12 (2) Does not have permission to engage in virtual currency business activity with or on  
13 behalf of a resident.

14 **42-14.7-34. Severability.**

15 If any section in this chapter or any part of any section is declared invalid or  
16 unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining  
17 portions.

18 SECTION 2. Sections 7-11-401 and 7-11-402 of the General Laws in Chapter 7-11  
19 entitled "Rhode Island Uniform Securities Act" are hereby amended to read as follows:

20 **7-11-401. Exempt securities.**

21 The following securities are exempt from §§ 7-11-301 and 7-11-404:

22 (1) A security, including a revenue obligation, issued, insured, or guaranteed by the  
23 United States, an agency or corporate or other instrumentality of the United States, an  
24 international agency or corporate or other instrumentality of which the United States and one or  
25 more foreign governments are members, a state, a political subdivision of a state, or an agency or  
26 corporate or other instrumentality of one or more states or their political subdivisions; or a  
27 certificate of deposit for any of the foregoing, but this exemption does not include a security  
28 payable solely from revenues to be received from a nongovernmental industrial or commercial  
29 enterprise unless the payments are insured or guaranteed by a person described as the issuer,  
30 insurer or guarantor of securities under subsection (2), (3), (4), (5), (7), or (8) of this section, or  
31 unless the revenues from which the payments are to be made are a direct obligation of a person;

32 (2) A security issued, insured, or guaranteed by Canada, a Canadian province or territory,  
33 a political subdivision of Canada or a Canadian province or territory, an agency or corporation or  
34 other instrumentality of one or more of the foregoing, or any other foreign government or

1 governmental combination or entity with which the United States maintains diplomatic relations,  
2 if the security is recognized as a valid obligation by the issuer, insurer, or guarantor;

3 (3) A security issued by and representing an interest in or a direct obligation of, or  
4 guaranteed by, a depository institution if the deposit or share accounts of the depository  
5 institution are insured by the federal deposit insurance corporation, the federal savings and loan  
6 insurance corporation, the national credit union share insurance fund, or a successor to the  
7 applicable agency authorized by federal law;

8 (4) A security issued by and representing an interest in or a direct obligation of, or  
9 insured or guaranteed by, an insurance company organized under the laws of any state and  
10 authorized to do business in this state;

11 (5) A security issued or guaranteed by a railroad, other common carrier, public utility, or  
12 holding company that is:

13 (i) Subject to the jurisdiction of the Interstate Commerce Commission;

14 (ii) A registered holding company under the Public Utility Holding Company Act of  
15 1935, 15 U.S.C. § 79 et seq. [repealed], or a subsidiary of a registered holding company within  
16 the meaning of that act;

17 (iii) Regulated as to its rates and charges by a governmental authority of the United States  
18 or a state; or

19 (iv) Regulated as to the issuance or guarantee of the security by a governmental authority  
20 of the United States, a state, Canada, or a Canadian province or territory;

21 (6) Equipment trust certificates as to equipment leased or conditionally sold to a person,  
22 if securities issued by the person would be exempt under this section;

23 (7) A security listed or approved for listing upon notice of issuance on a national  
24 securities exchange registered under § 6 of the Securities Exchange Act of 1934, 15 U.S.C. § 78f;  
25 any other security of the same issuer which is of senior or substantially equal rank; a security  
26 called for by subscription right or warrant so listed or approved; or a warrant or right to purchase  
27 or subscribe to any of the securities in this subsection;

28 (8) A security designated or approved for designation upon notice of issuance as a  
29 national market system security by the National Association of Securities Dealers, Inc.; any other  
30 security of the same issuer which is of senior or substantially equal rank; a security called for by  
31 subscription right or warrant so designated; or a warrant or a right to purchase or subscribe to any  
32 of the securities in this subsection;

33 (9) An option issued by a clearing agency registered under the Securities Exchange Act  
34 of 1934, 15 U.S.C. § 78a et seq., other than an off exchange futures contract or substantially

1 similar arrangement, if the security, currency, commodity, or other interest underlying the option:

2 (i) Is registered under § 7-11-302, 7-11-303, or 7-11-304;

3 (ii) Is exempt under this section; or

4 (iii) Is not otherwise required to be registered under this chapter;

5 (10) A security issued by a person organized and operated not for private profit but  
6 exclusively for a religious, educational, benevolent, charitable, fraternal, social, athletic, or  
7 reformatory purpose, or as a chamber of commerce or trade or professional association;

8 (11) A promissory note, draft, bill of exchange, or bankers' acceptance that evidences an  
9 obligation to pay cash within nine (9) months after the date of issuance, exclusive of days of  
10 grace, is issued in denominations of at least fifty thousand dollars (\$50,000) and receives a rating  
11 in one of the three (3) highest rating categories from a nationally recognized statistical rating  
12 organization; or a renewal of an obligation that is likewise limited, or a guarantee of an obligation  
13 or of a renewal;

14 (12) A security issued in connection with an employee's stock purchase, savings, option,  
15 profit sharing, pension, or similar employees' benefit plan;

16 (13) A membership or equity interest in, or a retention certificate or like security given in  
17 lieu of a cash patronage dividend issued by, a cooperative organized and operated as a nonprofit  
18 membership cooperative under the cooperative laws of any state if not traded to the public;

19 (14) A security issued by an issuer registered as an open end management investment  
20 company or unit investment trust pursuant to § 8 of the Investment Company Act of 1940, 15  
21 U.S.C. § 80a-8, if:

22 (i) The issuer is advised by an investment adviser that is a depository institution exempt  
23 from registration under the Investment Advisers Act of 1940, 15 U.S.C. § 80b-1 et seq., or that is  
24 currently registered as an investment adviser and has been registered, or is affiliated with an  
25 adviser that has been registered as an investment adviser under the Investment Advisers Act of  
26 1940, 15 U.S.C. § 80b-1 et seq., for at least three (3) years immediately before an offer or sale of  
27 a security claimed to be exempt under this subsection (14)(i) and has acted, or is affiliated with an  
28 investment adviser that has acted, as investment adviser to one or more registered investment  
29 companies or unit investment trusts for at least three (3) years immediately before an offer or sale  
30 of a security claimed to be exempt under this subsection (14)(i); or

31 (ii) The issuer has a sponsor that has at all times throughout the three (3) years before an  
32 offer or sale of a security claimed to be exempt under this subsection (14)(ii) sponsored one or  
33 more registered investment companies or unit investment trusts the aggregate total assets of  
34 which have exceeded one hundred million dollars (\$100,000,000).



1 (iii) The director has received prior to any sale exempted in this section:

2 (A) A notice of intention to sell which has been executed by the issuer which states the  
3 name and address of the issuer and the title of the securities to be offered in this state; and

4 (B) A filing fee of one thousand dollars (\$1,000).

5 (iv) In the event any offer or sale of an open end management investment company is to  
6 be made more than twelve (12) months after the date notice under subsection (14)(iii) is received  
7 by the director, another notice and payment of the applicable fee is required.

8 For the purpose of subsection (14) an investment adviser is affiliated with another  
9 investment adviser if it controls, is controlled by, or is under common control with the other  
10 investment adviser.

11 [\(15\) A virtual currency issued, exchanged, sold or transferred in compliance with chapter](#)  
12 [14.7 of title 42.](#)

13 **7-11-402. Exempt transactions.**

14 The following transactions are exempt from §§ 7-11-301 and 7-11-404:

15 (1) An isolated nonissuer transaction, whether or not effected through a broker-dealer;

16 (2) A nonissuer transaction in an outstanding security if the issuer of the security has a  
17 class of securities subject to registration under § 12 of the Securities Exchange Act of 1934, 15  
18 U.S.C. § 78l, and has been subject to the reporting requirements of § 13 or § 15(d) of the  
19 Securities Exchange Act of 1934, 15 U.S.C. §§ 78m and 78o(d), for not less than ninety (90) days  
20 before the transaction; or has filed and maintained with the director for not less than ninety (90)  
21 days before the transaction information, in any form that the director, by rule, specifies,  
22 substantially comparable to the information which the issuer would be required to file under §  
23 12(b) or § 12(g) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78l(b) or 78l(g), were the  
24 issuer to have a class of its securities registered under § 12 of the Securities Exchange Act of  
25 1934 and paid a fee with the filing of three hundred dollars (\$300);

26 (3) A nonissuer transaction in a security:

27 (i) Of a class outstanding in the hands of the public for not less than ninety (90) days  
28 before the transaction if a nationally recognized securities manual designated by the director, by  
29 rule or order, contains the names of the issuer's officers and directors, a statement of financial  
30 condition of the issuer as of a date within the last eighteen (18) months, and a statement of  
31 income or operations for either the last fiscal year before that date or the most recent year of  
32 operation; or

33 (ii) If the security has a fixed maturity or a fixed interest or dividend provision and there  
34 has been no default during the current fiscal year or within the three (3) preceding years, or

1 during the existence of the issuer and any predecessors if less than three (3) years, in the payment  
2 of principal, interest, or dividends on the security;

3 (4) A nonissuer transaction effected by or through a registered broker-dealer pursuant to  
4 an unsolicited order or offer to purchase; but the director may by rule require that the customer  
5 acknowledge upon a specified form that the sale was unsolicited, and that a signed copy of each  
6 form be preserved by the broker-dealer for a specified period;

7 (5) A transaction between the issuer or other person on whose behalf the offering of a  
8 security is made and an underwriter, or a transaction among underwriters;

9 (6) A transaction in a bond or other evidence of indebtedness secured by a real estate  
10 mortgage, deed of trust, personal property security agreement, or by an agreement for the sale of  
11 real estate or personal property, if the entire mortgage, deed of trust, or agreement, together with  
12 all the bonds or other evidences of indebtedness secured by them, is offered and sold as a unit;

13 (7) A transaction by an executor, administrator, sheriff, marshal, receiver, trustee in  
14 bankruptcy, guardian, or conservator;

15 (8) A transaction executed by a bona fide secured party without a purpose of evading this  
16 chapter;

17 (9) An offer to sell or sale of a security to a financial or institutional investor or to a  
18 broker-dealer;

19 (10) A transaction pursuant to an offer directed by the offeror to no more than twenty-  
20 five (25) purchasers in this state, other than those designated in subsection (9), during any twelve  
21 (12) consecutive months; no general solicitation or general advertising is used in connection with  
22 the offer to sell or sale of the securities; and no commission or other similar compensation is paid  
23 or given, directly or indirectly, to a person, other than a broker-dealer licensed or not required to  
24 be licensed under this chapter, for soliciting a prospective purchaser in this state; and either:

25 (i) The seller reasonably believes that all the purchasers in this state, other than those  
26 designated in subsection (9) are purchasing for investment; or

27 (ii) Immediately before and immediately after the transaction, the issuer reasonably  
28 believes that the securities of the issuer are held by fifty (50) or fewer beneficial owners, other  
29 than those designated in subsection (9) and the transaction is part of an aggregate offering that  
30 does not exceed one million dollars (\$1,000,000) during any twelve (12) consecutive months;

31 (11) An offer to sell or sale of a preorganization certificate or subscription if no  
32 commission or other similar compensation is paid or given, directly or indirectly, for soliciting a  
33 prospective subscriber; no public advertising or general solicitation is used in connection with the  
34 offer to sell or sale; the number of subscribers does not exceed ten (10); and no payment is made

1 by a subscriber;

2 (12) An offer to sell or sale of a preorganization certificate or subscription agreement  
3 issued in connection with the organization of a depository institution if that organization is under  
4 the supervision of an official or agency of any state or of the United States that has and exercises  
5 the authority to regulate and supervise the organization of the depository institution. For the  
6 purposes of this subsection, supervision of the organization by an official or agency means that  
7 the official or agency by law has authority to require disclosures to prospective investors similar  
8 to that required under § 7-11-304, impound proceeds from the sale of preorganization certificates  
9 or subscription agreements until organization of the depository institution is completed, and  
10 require refund to investors if the depository institution does not obtain a grant of authority from  
11 the appropriate official or agency;

12 (13) A transaction pursuant to an offer to sell to existing security holders of the issuer,  
13 including persons who at the time of the transaction are holders of transferable warrants  
14 exercisable within not more than ninety (90) days after their issuance, convertible securities, or  
15 nontransferable warrants, if:

16 (i) No commission or other similar compensation, other than a standby commission, is  
17 directly or indirectly paid or given, for soliciting a security holder in this state; or

18 (ii) The issuer first files a notice specifying the terms of the offer to sell and the director  
19 does not by order disallow the exemption within the next five (5) full business days;

20 (14) A transaction involving an offer to sell, but not a sale, of a security not exempt from  
21 registration under the Securities Act of 1933, 15 U.S.C. § 77a et seq., if:

22 (i) A registration or offering statement or similar document as required under the  
23 Securities Act of 1933, 15 U.S.C. § 77a et seq., has been filed, but is not effective;

24 (ii) A registration statement, if required, has been filed under this chapter, but is not  
25 effective; and

26 (iii) No stop order of which the offeror is aware has been entered by the director or the  
27 Securities and Exchange Commission, and no examination or public proceeding that may  
28 culminate in that kind of order is known by the offeror to be pending;

29 (15) A transaction involving an offer to sell, but not a sale, of a security exempt from  
30 registration under the Securities Act of 1933, 15 U.S.C. § 77a et seq., if:

31 (i) A registration statement has been filed under this chapter, but is not effective; and

32 (ii) No stop order of which the offeror is aware has been entered by the director and no  
33 examination or public proceeding that may culminate in that kind of order is known by the offeror  
34 to be pending;

1 (16) A transaction involving the distribution of the securities of an issuer to the security  
2 holders of another person in connection with a merger, consolidation, exchange of securities, sale  
3 of assets, or other reorganization to which the issuer, or its parent or subsidiary, and the other  
4 person, or its parent or subsidiary, are parties, if:

5 (i) The securities to be distributed are registered under the Securities Act of 1933, 15  
6 U.S.C. § 77a et seq., before the consummation of the transaction; or

7 (ii) The securities to be distributed are not required to be registered under the Securities  
8 Act of 1933, 15 U.S.C. § 77a et seq., written notice of the transaction and a copy of the materials,  
9 if any, by which approval of the transaction will be solicited is given to the director at least ten  
10 (10) days before the consummation of the transaction and the director does not disallow by order  
11 the exemption within the next ten (10) days;

12 (17)(i) A transaction involving the offer to sell or sale of one or more promissory notes  
13 each of which is directly secured by a first lien on a single parcel of real estate, or a transaction  
14 involving the offer to sell or sale of participation interests in the notes if the notes and  
15 participation interests are originated by a depository institution and are offered and sold subject to  
16 the following conditions:

17 (A) The minimum aggregate sales price paid by each purchaser may not be less than two  
18 hundred and fifty thousand dollars (\$250,000);

19 (B) Each purchaser must pay cash either at the time of the sale or within sixty (60) days  
20 after the sale; and

21 (C) Each purchaser may buy for that person's own account only;

22 (ii) A transaction involving the offer to sell or sale of one or more promissory notes  
23 directly secured by a first lien on a single parcel of real estate or participation interests in the  
24 notes, if the notes and participation interests are originated by a mortgagee approved by the  
25 Secretary of Housing and Urban Development under §§ 203 and 211 of the National Housing  
26 Act, 12 U.S.C. §§ 1709 and 1715b, and are offered or sold, subject to the conditions specified in  
27 subsection (17)(i), to a depository institution or insurance company, the Federal Home Loan  
28 Mortgage Corporation, the Federal National Mortgage Association, or the Government National  
29 Mortgage Association; and

30 (iii) A transaction between any of the persons described in subsection (17)(ii) involving a  
31 nonassignable contract to buy or sell the securities described in subsection (17)(i) which contract  
32 is to be completed within two (2) years if:

33 (A) The seller of the securities pursuant to the contract is one of the parties described in  
34 subsection (17)(i) or (17)(ii) who may originate securities;

1 (B) The purchaser of securities pursuant to a contract is any other person described in  
2 subsection (17)(ii); and

3 (C) The conditions described in subsection (17)(i) are fulfilled; and

4 (18) Any offer or sale of securities made in reliance on the exemptions provided by Rule  
5 505 or 506 of regulation D as may be amended from time to time, under the Securities Act of  
6 1933, 15 U.S.C. § 77a et seq., and the provisions of the rules under that Act as amended from  
7 time to time; provided:

8 (i) No commission or other remuneration may be paid or given directly or indirectly, to  
9 any person for soliciting or selling to any person in this state in reliance on this exemption, except  
10 to persons registered under §§ 7-11-201 -- 7-11-204;

11 (ii) Not later than ten (10) days, or a shorter period that may be permitted by order of the  
12 director, prior to the first sale of securities in reliance on this exemption, there is filed with the  
13 director:

14 (A) A Uniform Consent to Service of Process (Form U2);

15 (B) A notice of original filing on Form D; and

16 (C) A fee of three hundred dollars (\$300).

17 No exemption is available for the securities of any issuer if any of the parties described in  
18 Securities and Exchange Commission regulation A. Rule 230.252, Section (c), (d), (e) or (f)  
19 under the Securities Act of 1933 are disqualified pursuant to a rule adopted by the director.

20 [\(19\) A transaction involving issuance, exchange, sale or transfer of virtual currency in](#)  
21 [compliance with the provisions of chapter 14.7 of title 42.](#)

22 SECTION 3. Section 19-1-1 of the General Laws in Chapter 19-1 entitled "Definitions  
23 and Establishment of Financial Institutions" is hereby amended to read as follows:

24 **19-1-1. Definitions.**

25 Unless otherwise specified, the following terms shall have the following meanings  
26 throughout this title:

27 (1) "Agreement to form" means the agreement to form a financial institution or the  
28 agreement to form a credit union, as applicable, pursuant to this title, and includes, for financial  
29 institutions organized before December 31, 1995, the articles of incorporation or the agreement of  
30 association of the financial institution, where applicable.

31 (2) "Branch" means any office or place of business, other than the main office or  
32 customer-bank-communication-terminal outlets as provided for in this title, at which deposits are  
33 received, or checks paid or money lent, or at which any trust powers are exercised. Any financial  
34 institution that had, on or before June 30, 2003, established an office or place of business, other

1 than its main office, at which trust powers are exercised, shall not be required to obtain the  
2 approval of the director, or the director's designee, pursuant to § 19-2-11 for any such offices  
3 established as of that date.

4 (3) "Credit union" means a credit union duly organized under the laws of this state.

5 (4) "Director" means the director of the department of business regulation, or the  
6 director's designee.

7 (5) "Division of banking" means the division within the department of business  
8 regulation responsible for the supervision and examination of regulated institutions and/or  
9 licensees under chapter 14 of this title.

10 (6) "Federal credit union" means a credit union duly organized under the laws of the  
11 United States.

12 (7) "Financial institution" means any entity, other than a credit union, duly organized  
13 under the laws of this state that has the statutory authority to accept money on deposit pursuant to  
14 title 19, including an entity that is prohibited from accepting deposits by its own bylaws or  
15 agreement to form; the term includes, but is not limited to banks, trust companies, savings banks,  
16 loan and investment banks, and savings and loan associations.

17 (8) "Main office" means, in the case of financial institutions or credit unions, the location  
18 stated in the agreement to form, as amended, and, otherwise, the location recognized by the  
19 institution's primary banking regulator as its main office.

20 (9) "Person" means individuals, partnerships, corporations, limited liability companies, or  
21 any other entity however organized.

22 (10) "Regulated institution" means any financial institution, credit union, or other  
23 insured-deposit-taking institution, that is authorized to do business in this state, including one  
24 authorized by operation of an interstate banking statute that allowed its original entry, however  
25 shall not include any entity exclusively involved in the issuance, exchange, sale or transfer of  
26 virtual currency in compliance with the provisions of chapter 14.7 of title 42.

27 (11) "Retail installment contract" means any security agreement negotiated or executed in  
28 this state, or under the laws of this state, including, but not limited to, any agreement in the nature  
29 of a mortgage, conditional sale contract, or any other agreement whether or not evidenced by any  
30 written instrument to pay the retail purchase price of goods, or any part thereof, in installments  
31 over any period of time and pursuant to which any security interest is retained or taken by the  
32 retail seller for the payment of the purchase price, or any part thereof, of the retail installment  
33 contract.

34 (12) "Retail seller" means any person who sells or contracts to sell any goods under a

1 retail installment contract to a retail buyer.

2 (13) "Superintendent" means the deputy director designated by the director as  
3 superintendent of banking in the department of business regulation.

4 (14) "Unimpaired capital" means the sum of all capital and allowance accounts minus  
5 estimated losses on assets, calculated in accordance with generally accepted accounting  
6 principles.

7 (15) "Writing" means hard copy writing or electronic writing that meets the requirements  
8 of § 42-127.1-2(7).

9 SECTION 4. Section 19-14-2 of the General Laws in Chapter 19-14 entitled "Licensed  
10 Activities" is hereby amended to read as follows:

11 **19-14-2. Licenses required.**

12 (a) No person shall engage within this state in the business of: (1) Making or funding  
13 loans or acting as a lender or small loan lender; (2) Brokering loans or acting as a loan broker; (3)  
14 Selling checks for a fee or other consideration; (4) Cashing checks for a fee or other  
15 consideration, which includes any premium charged for the sale of goods in excess of the cash  
16 price of the goods; (5) Providing electronic money transfers for a fee or other consideration  
17 [except the issuance, exchange, sale or transfer of virtual currency in compliance with the](#)  
18 [provisions of chapter 14. 7 of title 42](#); (6) Providing debt-management services; (7) Performing  
19 the duties of a mortgage-loan originator; (8) Servicing a loan, directly or indirectly, as a third-  
20 party loan servicer without first obtaining a license or registration from the director or the  
21 director's designee. The licensing requirement for any person providing debt-management plans  
22 shall apply to all persons, without regard for state of incorporation or a physical presence in this  
23 state, who initiate or service debt-management plans for residents of this state. Special  
24 exemptions from licensing for each activity are contained in other chapters in this title.

25 (b) No lender or loan-broker licensee shall permit an employee to act as a mortgage loan  
26 originator without first verifying that such originator is licensed under this chapter. No individual  
27 may act as a mortgage-loan originator without being licensed, or act as a mortgage-loan  
28 originator for more than one person. The license of a mortgage-loan originator is not effective  
29 during any period when such mortgage-loan originator is not associated with a lender or loan-  
30 broker licensee.

31 (c) Each loan negotiated, solicited, placed, found, or made without a license as required  
32 in subsection (a) shall constitute a separate violation for purposes of this chapter.

33 (d) No person engaged in the business of making or brokering loans in this state, whether  
34 licensed in accordance with the provisions of this chapter or exempt from licensing, shall accept

1 applications, or referral of applicants from, or pay a fee to, any lender, loan broker, or mortgage-  
2 loan originator who is required to be licensed or registered under said sections but is not licensed  
3 to act as such by the director, or the director's designee.

4 SECTION 5. Section 44-3-3 of the General Laws in Chapter 44-3 entitled "Property  
5 Subject to Taxation" is hereby amended to read as follows:

6 **44-3-3. Property exempt.**

7 (a) The following property is exempt from taxation:

8 (1) Property belonging to the state, except as provided in § 44-4-4.1;

9 (2) Lands ceded or belonging to the United States;

10 (3) Bonds and other securities issued and exempted from taxation by the government of  
11 the United States or of this state;

12 (4) Real estate, used exclusively for military purposes, owned by chartered or  
13 incorporated organizations approved by the adjutant general and composed of members of the  
14 national guard, the naval militia, or the independent, chartered-military organizations;

15 (5) Buildings for free public schools, buildings for religious worship, and the land upon  
16 which they stand and immediately surrounding them, to an extent not exceeding five (5) acres so  
17 far as the buildings and land are occupied and used exclusively for religious or educational  
18 purposes;

19 (6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or  
20 the minimum lot size for zone in which the dwelling house is located, whichever is the greater,  
21 owned by, or held in trust for, any religious organization and actually used by its officiating  
22 clergy; provided, further, that in the town of Charlestown, where the property previously  
23 described in this paragraph is exempt in total, along with dwelling houses and the land on which  
24 they stand in Charlestown, not exceeding one acre in size, or the minimum lot size for zone in  
25 which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any  
26 religious organization and actually used by its officiating clergy, or used as a convent, nunnery, or  
27 retreat center by its religious order;

28 (7) Intangible personal property owned by, or held in trust for, any religious or charitable  
29 organization, if the principal or income is used or appropriated for religious or charitable  
30 purposes;

31 (8) Buildings and personal estate owned by any corporation used for a school, academy,  
32 or seminary of learning, and of any incorporated public charitable institution, and the land upon  
33 which the buildings stand and immediately surrounding them to an extent not exceeding one acre,  
34 so far as they are used exclusively for educational purposes, but no property or estate whatever is



1 hereafter exempt from taxation in any case where any part of its income or profits, or of the  
2 business carried on there, is divided among its owners or stockholders; provided, however, that  
3 unless any private nonprofit corporation organized as a college or university located in the town  
4 of Smithfield reaches a memorandum of agreement with the town of Smithfield, the town of  
5 Smithfield shall bill the actual costs for police, fire, and rescue services supplied, unless  
6 otherwise reimbursed, to said corporation commencing March 1, 2014;

7 (9) Estates, persons, and families of the president and professors for the time being of  
8 Brown University for not more than ten thousand dollars (\$10,000) for each officer, the officer's  
9 estate, person, and family included, but only to the extent that any person had claimed and  
10 utilized the exemption prior to, and for a period ending, either on or after December 31, 1996;

11 (10) Property especially exempt by charter unless the exemption has been waived in  
12 whole or in part;

13 (11) Lots of land exclusively for burial grounds;

14 (12) Property, real and personal, held for, or by, an incorporated library, society, or any  
15 free public library, or any free public library society, so far as the property is held exclusively for  
16 library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor  
17 generally, or for a nonprofit hospital for the sick or disabled;

18 (13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated  
19 organizations of veterans of any war in which the United States has been engaged, the parent  
20 body of which has been incorporated by act of Congress, to the extent of four hundred thousand  
21 dollars (\$400,000) if actually used and occupied by the association; provided, that the city council  
22 of the city of Cranston may by ordinance exempt the real or personal estate as previously  
23 described in this subdivision located within the city of Cranston to the extent of five hundred  
24 thousand dollars (\$500,000);

25 (14) Property, real and personal, held for, or by, the fraternal corporation, association, or  
26 body created to build and maintain a building or buildings for its meetings or the meetings of the  
27 general assembly of its members, or subordinate bodies of the fraternity, and for the  
28 accommodation of other fraternal bodies or associations, the entire net income of which real and  
29 personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or  
30 asylums, a home or homes, a school or schools, for the free education or relief of the members of  
31 the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity,  
32 their wives, widows, or orphans, and any fund given or held for the purpose of public education,  
33 almshouses, and the land and buildings used in connection therewith;

34 (15) Real estate and personal property of any incorporated volunteer fire engine company

1 or incorporated volunteer ambulance or rescue corps in active service;

2 (16) The estate of any person who, in the judgment of the assessors, is unable from  
3 infirmity or poverty to pay the tax; provided, that in the towns of Burrillville and West  
4 Greenwich, the tax shall constitute a lien for five (5) years on the property where the owner is  
5 entitled to the exemption. At the expiration of five (5) years, the lien shall be abated in full.  
6 Provided, if the property is sold or conveyed, or if debt secured by the property is refinanced  
7 during the five-year (5) period, the lien immediately becomes due and payable; any person  
8 claiming the exemption aggrieved by an adverse decision of an assessor shall appeal the decision  
9 to the local board of tax review and thereafter according to the provisions of § 44-5-26;

10 (17) Household furniture and family stores of a housekeeper in the whole, including  
11 clothing, bedding, and other white goods, books, and all other tangible personal property items  
12 that are common to the normal household;

13 (18) Improvements made to any real property to provide a shelter and fallout protection  
14 from nuclear radiation, to the amount of one thousand five hundred dollars (\$1,500); provided,  
15 that the improvements meet applicable standards for shelter construction established, from time to  
16 time, by the Rhode Island emergency management agency. The improvements are deemed to  
17 comply with the provisions of any building code or ordinance with respect to the materials or the  
18 methods of construction used and any shelter or its establishment is deemed to comply with the  
19 provisions of any zoning code or ordinance;

20 (19) Aircraft for which the fee required by § 1-4-6 has been paid to the tax administrator;

21 (20) Manufacturer's inventory.

22 (i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to  
23 be a manufacturer within a city or town within this state if that person uses any premises, room,  
24 or place in it primarily for the purpose of transforming raw materials into a finished product for  
25 trade through any or all of the following operations: adapting, altering, finishing, making, and  
26 ornamenting; provided, that public utilities; non-regulated power producers commencing  
27 commercial operation by selling electricity at retail or taking title to generating facilities on or  
28 after July 1, 1997; building and construction contractors; warehousing operations, including  
29 distribution bases or outlets of out-of-state manufacturers; and fabricating processes incidental to  
30 warehousing or distribution of raw materials, such as alteration of stock for the convenience of a  
31 customer; are excluded from this definition;

32 (ii) For the purposes of this section and §§ 44-4-10 and 44-5-38, the term "manufacturer's  
33 inventory", or any similar term, means and includes the manufacturer's raw materials, the  
34 manufacturer's work in process, and finished products manufactured by the manufacturer in this

1 state, and not sold, leased, or traded by the manufacturer or its title or right to possession  
2 divested; provided, that the term does not include any finished products held by the manufacturer  
3 in any retail store or other similar selling place operated by the manufacturer whether or not the  
4 retail establishment is located in the same building in which the manufacturer operates the  
5 manufacturing plant;

6 (iii) For the purpose of § 44-11-2, a "manufacturer" is a person whose principal business  
7 in this state consists of transforming raw materials into a finished product for trade through any or  
8 all of the operations described in paragraph (i) of this subdivision. A person will be deemed to be  
9 principally engaged if the gross receipts that person derived from the manufacturing operations in  
10 this state during the calendar year or fiscal year mentioned in § 44-11-1 amounted to more than  
11 fifty percent (50%) of the total gross receipts that person derived from all the business activities  
12 in which that person engaged in this state during the taxable year. For the purpose of computing  
13 the percentage, gross receipts derived by a manufacturer from the sale, lease, or rental of finished  
14 products manufactured by the manufacturer in this state, even though the manufacturer's store or  
15 other selling place may be at a different location from the location of the manufacturer's  
16 manufacturing plant in this state, are deemed to have been derived from manufacturing;

17 (iv) Within the meaning of the preceding paragraphs of this subdivision, the term  
18 "manufacturer" also includes persons who are principally engaged in any of the general activities  
19 coded and listed as establishments engaged in manufacturing in the Standard Industrial  
20 Classification Manual prepared by the Technical Committee on Industrial Classification, Office  
21 of Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as  
22 revised from time to time, but eliminating as manufacturers those persons, who, because of their  
23 limited type of manufacturing activities, are classified in the manual as falling within the trade  
24 rather than an industrial classification of manufacturers. Among those thus eliminated, and  
25 accordingly also excluded as manufacturers within the meaning of this paragraph, are persons  
26 primarily engaged in selling, to the general public, products produced on the premises from which  
27 they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and  
28 custom tailors, except, that a person who manufactures bakery products for sale primarily for  
29 home delivery, or through one or more non-baking retail outlets, and whether or not retail outlets  
30 are operated by the person, is a manufacturer within the meaning of this paragraph;

31 (v) The term "Person" means and includes, as appropriate, a person, partnership, or  
32 corporation; and

33 (vi) The department of revenue shall provide to the local assessors any assistance that is  
34 necessary in determining the proper application of the definitions in this subdivision;

1           (21) Real and tangible personal property acquired to provide a treatment facility used  
2 primarily to control the pollution or contamination of the waters or the air of the state, as defined  
3 in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been  
4 constructed, reconstructed, erected, installed, or acquired in furtherance of federal or state  
5 requirements or standards for the control of water or air pollution or contamination, and certified  
6 as approved in an order entered by the director of environmental management. The property is  
7 exempt as long as it is operated properly in compliance with the order of approval of the director  
8 of environmental management; provided, that any grant of the exemption by the director of  
9 environmental management in excess of ten (10) years is approved by the city or town in which  
10 the property is situated. This provision applies only to water and air pollution control properties  
11 and facilities installed for the treatment of waste waters and air contaminants resulting from  
12 industrial processing; furthermore, it applies only to water or air pollution control properties and  
13 facilities placed in operation for the first time after April 13, 1970;

14           (22) New manufacturing machinery and equipment acquired or used by a manufacturer  
15 and purchased after December 31, 1974. Manufacturing machinery and equipment is defined as:

16           (i) Machinery and equipment used exclusively in the actual manufacture or conversion of  
17 raw materials or goods in the process of manufacture by a manufacturer, as defined in subdivision  
18 (20), and machinery, fixtures, and equipment used exclusively by a manufacturer for research and  
19 development or for quality assurance of its manufactured products;

20           (ii) Machinery and equipment that is partially used in the actual manufacture or  
21 conversion of raw materials or goods in process of manufacture by a manufacturer, as defined in  
22 subdivision (20), and machinery, fixtures, and equipment used by a manufacturer for research and  
23 development or for quality assurance of its manufactured products, to the extent to which the  
24 machinery and equipment is used for the manufacturing processes, research and development, or  
25 quality assurance. In the instances where machinery and equipment is used in both manufacturing  
26 and/or research and development and/or quality assurance activities and non-manufacturing  
27 activities, the assessment on machinery and equipment is prorated by applying the percentage of  
28 usage of the equipment for the manufacturing, research and development, and quality-assurance  
29 activity to the value of the machinery and equipment for purposes of taxation, and the portion of  
30 the value used for manufacturing, research and development, and quality assurance is exempt  
31 from taxation. The burden of demonstrating this percentage usage of machinery and equipment  
32 for manufacturing and for research and development and/or quality assurance of its manufactured  
33 products rests with the manufacturer; and

34           (iii) Machinery and equipment described in §§ 44-18-30(7) and 44-18-30(22) that was

1 purchased after July 1, 1997; provided that the city or town council of the city or town in which  
2 the machinery and equipment is located adopts an ordinance exempting the machinery and  
3 equipment from taxation. For purposes of this subsection, city councils and town councils of any  
4 municipality may, by ordinance, wholly or partially exempt from taxation the machinery and  
5 equipment discussed in this subsection for the period of time established in the ordinance and  
6 may, by ordinance, establish the procedures for taxpayers to avail themselves of the benefit of  
7 any exemption permitted under this section; provided, that the ordinance does not apply to any  
8 machinery or equipment of a business, subsidiary, or any affiliated business that locates or  
9 relocates from a city or town in this state to another city or town in the state;

10 (23) Precious metal bullion, meaning any elementary metal that has been put through a  
11 process of melting or refining, and that is in a state or condition that its value depends upon its  
12 content and not its form. The term does not include fabricated precious metal that has been  
13 processed or manufactured for some one or more specific and customary industrial, professional,  
14 or artistic uses;

15 (24) Hydroelectric power-generation equipment, which includes, but is not limited to,  
16 turbines, generators, switchgear, controls, monitoring equipment, circuit breakers, transformers,  
17 protective relaying, bus bars, cables, connections, trash racks, headgates, and conduits. The  
18 hydroelectric power-generation equipment must have been purchased after July 1, 1979, and  
19 acquired or used by a person or corporation who or that owns or leases a dam and utilizes the  
20 equipment to generate hydroelectric power;

21 (25) Subject to authorization by formal action of the council of any city or town, any real  
22 or personal property owned by, held in trust for, or leased to an organization incorporated under  
23 chapter 6 of title 7, as amended, or an organization meeting the definition of "charitable trust" set  
24 out in § 18-9-4, as amended, or an organization incorporated under the not-for-profits statutes of  
25 another state or the District of Columbia, the purpose of which is the conserving of open space, as  
26 that term is defined in chapter 36 of title 45, as amended, provided the property is used  
27 exclusively for the purposes of the organization;

28 (26) Tangible personal property, the primary function of which is the recycling, reuse, or  
29 recovery of materials (other than precious metals, as defined in § 44-18-30(24)(ii) and (iii)), from,  
30 or the treatment of "hazardous wastes", as defined in § 23-19.1-4, where the "hazardous wastes"  
31 are generated primarily by the same taxpayer and where the personal property is located at, in, or  
32 adjacent to a generating facility of the taxpayer. The taxpayer may, but need not, procure an order  
33 from the director of the department of environmental management certifying that the tangible  
34 personal property has this function, which order effects a conclusive presumption that the tangible

1 personal property qualifies for the exemption under this subdivision. If any information relating  
2 to secret processes or methods of manufacture, production, or treatment is disclosed to the  
3 department of environmental management only to procure an order, and is a "trade secret" as  
4 defined in § 28-21-10(b), it shall not be open to public inspection or publicly disclosed unless  
5 disclosure is otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23;

6 (27) Motorboats as defined in § 46-22-2 for which the annual fee required in § 46-22-4  
7 has been paid;

8 (28) Real and personal property of the Providence Performing Arts Center, a non-  
9 business corporation as of December 31, 1986;

10 (29) Tangible personal property owned by, and used exclusively for the purposes of, any  
11 religious organization located in the city of Cranston;

12 (30) Real and personal property of the Travelers Aid Society of Rhode Island, a nonprofit  
13 corporation, the Union Mall Real Estate Corporation, and any limited partnership or limited  
14 liability company that is formed in connection with, or to facilitate the acquisition of, the  
15 Providence YMCA Building;

16 (31) Real and personal property of Meeting Street Center or MSC Realty, Inc., both not-  
17 for-profit Rhode Island corporations, and any other corporation, limited partnership, or limited  
18 liability company that is formed in connection with, or to facilitate the acquisition of, the  
19 properties designated as the Meeting Street National Center of Excellence on Eddy Street in  
20 Providence, Rhode Island;

21 (32) The buildings, personal property, and land upon which the buildings stand, located  
22 on Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel  
23 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet  
24 and is located approximately eight hundred sixty feet (860'), more or less, from the shore, and  
25 limited exclusively to these said buildings, personal estate and land, provided that said property is  
26 owned by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is  
27 used exclusively for a lighthouse;

28 (33) The Stadium Theatre Performing Arts Centre building located in Monument Square,  
29 Woonsocket, Rhode Island, so long as said Stadium Theatre Performing Arts Center is owned by  
30 the Stadium Theatre Foundation, a Rhode Island nonprofit corporation;

31 (34) Real and tangible personal property of St. Mary Academy -- Bay View, located in  
32 East Providence, Rhode Island;

33 (35) Real and personal property of East Bay Community Action Program and its  
34 predecessor, Self Help, Inc; provided, that the organization is qualified as a tax-exempt

1 corporation under § 501(c)(3) of the United States Internal Revenue Code;

2 (36) Real and personal property located within the city of East Providence of the  
3 Columbus Club of East Providence, a Rhode Island charitable nonprofit corporation;

4 (37) Real and personal property located within the city of East Providence of the  
5 Columbus Club of Barrington, a Rhode Island charitable nonprofit corporation;

6 (38) Real and personal property located within the city of East Providence of Lodge 2337  
7 BPO Elks, a Rhode Island nonprofit corporation;

8 (39) Real and personal property located within the city of East Providence of the St.  
9 Andrews Lodge No. 39, a Rhode Island charitable nonprofit corporation;

10 (40) Real and personal property located within the city of East Providence of the Trustees  
11 of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode Island  
12 nonprofit corporation;

13 (41) Real and personal property located on the first floor of 90 Leonard Avenue within  
14 the city of East Providence of the Zion Gospel Temple, Inc., a religious nonprofit corporation;

15 (42) Real and personal property located within the city of East Providence of the Cape  
16 Verdean Museum Exhibit, a Rhode Island nonprofit corporation;

17 (43) The real and personal property owned by a qualified 501(c)(3) organization that is  
18 affiliated and in good standing with a national, congressionally chartered organization and  
19 thereby adheres to that organization's standards and provides activities designed for recreational,  
20 educational, and character building purposes for children from ages six (6) years to seventeen  
21 (17) years;

22 (44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music  
23 School; provided, that the organization is qualified as a tax-exempt corporation under § 501(c)(3)  
24 of the United States Internal Revenue Code;

25 (45) The real and personal property located within the town of West Warwick at 211  
26 Cowesett Avenue, Plat 29-Lot 25, which consists of approximately twenty-eight thousand seven  
27 hundred fifty (28,750) square feet and is owned by the Station Fire Memorial Foundation of East  
28 Greenwich, a Rhode Island nonprofit corporation;

29 (46) Real and personal property of the Comprehensive Community Action Program, a  
30 qualified tax-exempt corporation under § 501(c)(3) of the United States Internal Revenue Code;

31 (47) Real and personal property located at 52 Plain Street, within the city of Pawtucket of  
32 the Pawtucket Youth Soccer Association, a Rhode Island nonprofit corporation;

33 (48) Renewable energy resources, as defined in § 39-26-5, used in residential systems  
34 and associated equipment used therewith in service after December 31, 2015;

1 (49) Renewable energy resources, as defined in § 39-26-5, if employed by a  
2 manufacturer, as defined in subsection (a) of this section, shall be exempt from taxation in  
3 accordance with subsection (a) of this section;

4 (50) Real and personal property located at 415 Tower Hill Road within the town of North  
5 Kingstown, of South County Community Action, Inc., a qualified tax-exempt corporation under §  
6 501(c)(3) of the United States Internal Revenue Code;

7 (51) As an effort to promote business growth, tangible business or personal property, in  
8 whole or in part, within the town of Charlestown's community limits, subject to authorization by  
9 formal action of the town council of the town of Charlestown;

10 (52) All real and personal property located at 1300 Frenchtown Road, within the town of  
11 East Greenwich, identified as assessor's map 027, plat 019, lot 071, and known as the New  
12 England Wireless and Steam Museum, Inc., a qualified tax-exempt corporation under § 501(c)(3)  
13 of the United States Internal Revenue Code;

14 (53) Real and tangible personal property of Mount Saint Charles Academy located within  
15 the city of Woonsocket, specifically identified as the following assessor's plats and lots: Logee  
16 Street, plat 23, lot 62, Logee Street, plat 24, lots 304 and 305; Welles Street, plat 23, lot 310;  
17 Monroe Street, plat 23, lot 312; and Roberge Avenue, plat 24, lot 47;

18 (54) Real and tangible personal property of Steere House, a Rhode Island nonprofit  
19 corporation, located in Providence, Rhode Island;

20 (55) Real and personal property located within the town of West Warwick of Tides  
21 Family Services, Inc., a Rhode Island nonprofit corporation;

22 (56) Real and personal property of Tides Family Services, Inc., a Rhode Island nonprofit  
23 corporation, located in the city of Pawtucket at 242 Dexter Street, plat 44, lot 444;

24 (57) Real and personal property located within the town of Middletown of Lucy's Hearth,  
25 a Rhode Island nonprofit corporation;

26 (58) Real and tangible personal property of Habitat for Humanity of Rhode Island--  
27 Greater Providence, Inc., a Rhode Island nonprofit corporation, located in Providence, Rhode  
28 Island;

29 (59) Real and personal property of the Artic Playhouse, a Rhode Island nonprofit  
30 corporation, located in the town of West Warwick at 1249 Main Street;

31 (60) Real and personal property located at 321 Main Street, within the town of South  
32 Kingstown, of the Contemporary Theatre Company, a qualified, tax-exempt corporation under §  
33 501(c)(3) of the United States Internal Revenue Code;

34 (61) Real and personal property of The Samaritans, Inc., a Rhode Island nonprofit §



1 501(c)(3) corporation located at 67 Park Place, Pawtucket, Rhode Island, to the extent the city  
2 council of Pawtucket may from time to time determine;

3 (62) Real and personal property of North Kingstown, Exeter Animal Protection League,  
4 Inc., dba "Pet Refuge," 500 Stony Lane, a Rhode Island nonprofit corporation, located in North  
5 Kingstown, Rhode Island;

6 (63) Real and personal property located within the city of East Providence of Foster  
7 Forward (formerly the Rhode Island Foster Parents Association), a Rhode Island charitable  
8 nonprofit corporation; and

9 (64) Real and personal property located at 54 Kelly Avenue within the town of East  
10 Providence, of the Associated Radio Amateurs of Southern New England, a Rhode Island  
11 nonprofit corporation.

12 [\(65\) Virtual currency as defined in chapter 14.7 of title 42.](#)

13 (b) Except as provided below, when a city or town taxes a for-profit hospital facility, the  
14 value of its real property shall be the value determined by the most recent full revaluation or  
15 statistical property update performed by the city or town; provided, however, in the year a  
16 nonprofit hospital facility converts to or otherwise becomes a for-profit hospital facility, or a for-  
17 profit hospital facility is initially established, the value of the real property and personal property  
18 of the for-profit hospital facility shall be determined by a valuation performed by the assessor for  
19 the purpose of determining an initial assessed value of real and personal property, not previously  
20 taxed by the city or town, as of the most recent date of assessment pursuant to § 44-5-1, subject to  
21 a right of appeal by the for-profit hospital facility which shall be made to the city or town tax  
22 assessor with a direct appeal from an adverse decision to the Rhode Island superior court business  
23 calendar.

24 A "for-profit hospital facility" includes all real and personal property affiliated with any  
25 hospital as identified in an application filed pursuant to chapter 17 or 17.14 of title 23.  
26 Notwithstanding the above, a city or town may enter into a stabilization agreement with a for-  
27 profit hospital facility under § 44-3-9 or other laws specific to the particular city or town relating  
28 to stabilization agreements. In a year in which a nonprofit hospital facility converts to, or  
29 otherwise becomes, a for-profit hospital facility, or a for-profit hospital facility is otherwise  
30 established, in that year only the amount levied by the city or town and/or the amount payable  
31 under the stabilization agreement for that year related to the for-profit hospital facility shall not be  
32 counted towards determining the maximum tax levy permitted under § 44-5-2.

1 SECTION 6. This act shall take effect upon passage.

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LC001438  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - DEPARTMENT OF BUSINESS  
REGULATION - VIRTUAL CURRENCY

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1           This act would establish the "Digital Asset Business Act." It would also provide that the  
2 department of business regulation to license virtual-currency business activity. Exempts virtual-  
3 currency from compliance with "securities" requirements. Exempts virtual-currency from  
4 taxation.

5           This act would take effect upon passage.

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LC001438  
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