

[Third Reprint]

**ASSEMBLY, No. 2371**

**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

INTRODUCED FEBRUARY 7, 2022

**Sponsored by:**

**Assemblywoman YVONNE LOPEZ**

**District 19 (Middlesex)**

**Assemblyman P. CHRISTOPHER TULLY**

**District 38 (Bergen and Passaic)**

**Assemblyman JOE DANIELSEN**

**District 17 (Middlesex and Somerset)**

**Co-Sponsored by:**

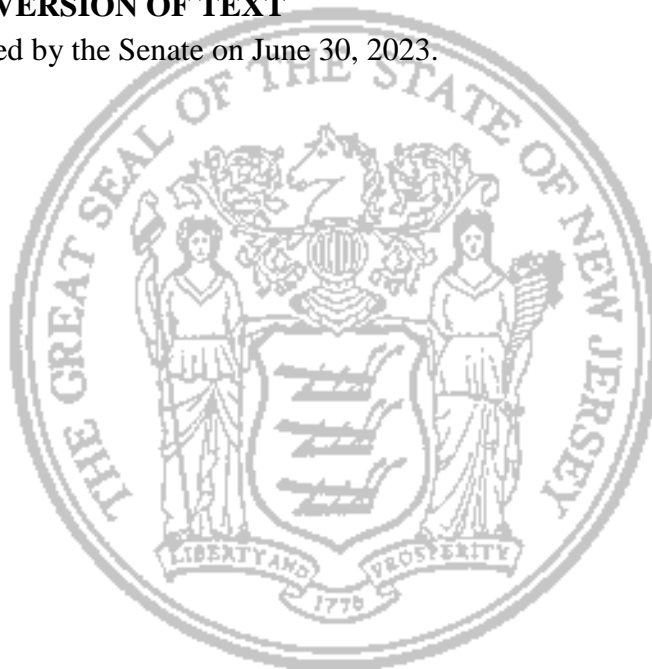
**Assemblywomen McKnight and Park**

**SYNOPSIS**

“Digital Asset and Blockchain Technology Act.”

**CURRENT VERSION OF TEXT**

As amended by the Senate on June 30, 2023.



**(Sponsorship Updated As Of: 10/27/2022)**

1 AN ACT concerning digital assets and blockchain technology,  
2 <sup>1</sup>[amending P.L.2005, c.199, and] <sup>2</sup>[supplementing Title 17 of  
3 the Revised Statutes] <sup>2</sup> and <sup>1</sup>[chapter 6 of] <sup>2</sup>[Title 54A of the  
4 New Jersey Statutes] <sup>1</sup>, and amending P.L.2005, c.199 <sup>1</sup>  
5 supplementing P.L.1967, c.93 (C.49:3-47 et seq.) <sup>2</sup>.

6  
7 **BE IT ENACTED** by the Senate and General Assembly of the State  
8 of New Jersey:

9  
10 1. <sup>2</sup>[<sup>1</sup> (New section)] <sup>2</sup> <sup>3</sup>a. <sup>3</sup>This act shall be known and may be  
11 cited as the “Digital Asset and Blockchain Technology Act.”

12 <sup>3</sup>b. P.L. , c. (C. ) (pending before the Legislature as this  
13 bill) shall be administered by the Bureau of Securities in the  
14 Division of Consumer Affairs in the Department of Law and Public  
15 Safety.

16 c. P.L. , c. (C. ) (pending before the Legislature as this  
17 bill), shall apply to activity that occurs within this State, is directed  
18 toward persons in this State, or is directed from this State. <sup>3</sup>

19  
20 2. <sup>2</sup>[<sup>1</sup> (New section)] <sup>2</sup> As used in P.L. , c. (C. )  
21 (pending before the Legislature as this bill): <sup>1</sup>

22 “Agent” means a separate <sup>3</sup>[business entity] person <sup>3</sup> from the  
23 principal that the principal authorizes, through a written agreement  
24 or otherwise, to sell its instruments or, in the case of funds  
25 transmission, to sell its send and receive transfer services.

26 <sup>3</sup>“Bureau chief” means the principal executive officer of the  
27 bureau, or such officer’s designee. <sup>3</sup>

28 <sup>2</sup>“Bureau” means the Bureau of Securities in the Division of  
29 Consumer Affairs in the Department of Law and Public Safety. <sup>2</sup>

30 “Control” means the ownership of, or the power to vote, 25  
31 percent or more of the outstanding voting interest of a licensee or  
32 controlling person. For purposes of determining the percentage of a  
33 licensee controlled by any person, there shall be aggregated with  
34 the person’s interest the interest of any other person controlled by  
35 that person or by any spouse, parent, or child of that person.

36 “Controlling person” means any person in control of a licensee.

37 <sup>2</sup>“Department” means the Department of Banking and  
38 Insurance. <sup>2</sup>

39 “Digital asset” means a representation of economic, proprietary,  
40 or access rights that is stored in a machine-readable format, has a  
41 transaction history that is recorded in a distributed, digital ledger or  
42 digital data structure in which consensus is achieved through a  
43 <sup>3</sup>[mathematically verifiable process] mechanism consistent with  
44 the underlying protocol <sup>3</sup>, and includes <sup>3</sup>, but is not limited to, <sup>3</sup>  
45 digital consumer assets and virtual currency. “Digital asset” shall

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup>Assembly AST committee amendments adopted March 14, 2022.

<sup>2</sup>Senate SBA committee amendments adopted January 19, 2023.

<sup>3</sup>Senate floor amendments adopted June 30, 2023.

1 not include securities, whether in digital form or otherwise, as  
2 defined pursuant to subsection m. of section 2 of P.L.1967, c.93  
3 (C.49:3-49), or as defined pursuant to paragraph (1) of subsection  
4 (a) in the federal “Securities Act of 1933,” 15 U.S.C. s.77b(a)(1), or  
5 paragraph (10) of subsection (a) of the federal “Securities Exchange  
6 Act of 1934,” 15 U.S.C. s.78c(a)(10).

7 “Digital asset business” means a business that engages in the  
8 activities listed in subsection b. of section 3 of <sup>1</sup>**[this act]** P.L. \_\_\_\_\_,  
9 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill)<sup>1</sup>.

10 “Digital consumer asset” means a digital asset that is <sup>3</sup>**[used or**  
11 **bought]**<sup>3</sup> primarily for consumptive, personal, or household  
12 purposes <sup>3</sup>**[and includes any other digital asset that does not fall**  
13 **within the term virtual currency.**

14 “Issuing” means being the person who has authority over the  
15 initial creation and dissemination of a digital asset<sup>3</sup>.

16 “Key individual” means any individual ultimately responsible for  
17 establishing or directing policies and procedures of the licensee,  
18 such as the licensee’s president, chairperson of the executive  
19 committee, senior officer responsible for the business of the  
20 licensee in the State, chief financial officer, an executive manager,  
21 director, trustee <sup>1,1</sup> and any other person who performs similar  
22 functions.

23 “Licensee” means a person licensed under <sup>1</sup>**[this act]** P.L. \_\_\_\_\_,  
24 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill)<sup>1</sup> or an  
25 applicant for licensure under <sup>1</sup>**[this act]** P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_)  
26 (pending before the Legislature as this bill)<sup>1</sup>.

27 “Nationwide Multistate Licensing System” means the licensing  
28 system owned and operated by the State Regulatory Registry, LLC,  
29 a wholly-owned subsidiary of the Conference of State Bank  
30 Supervisors, which functions as a system of record for non-  
31 depository <sup>1</sup>**[.]**<sup>1</sup> financial services licensing or registration in  
32 participating state agencies, including the District of Columbia and  
33 the United States Territories of Puerto Rico, the US Virgin Islands,  
34 and Guam, where it is the official system for companies and  
35 individuals seeking to apply for, amend, renew, and surrender  
36 license authorities.

37 <sup>3</sup>**[“Resident” means a person that is: domiciled in New Jersey;**  
38 **physically located in New Jersey for more than 183 days of the**  
39 **previous 365 days; or a limited partnership, limited liability**  
40 **partnership, limited liability company, or corporation formed or**  
41 **incorporated in New Jersey.]**

42 “Person” means, whether foreign or domestic, any individual,  
43 corporation, company, association, society, firm, partnership, trust,  
44 unincorporated organization, joint-stock company, government  
45 entity, or any other entity however organized.

46 “Prepaid card” means an electronic payment device that: is  
47 usable at a single merchant or an affiliated group of merchants that

1 share the same name, mark, or logo, or is usable at multiple,  
2 unaffiliated merchants or service providers; is issued in and for a  
3 specified amount of fiat currency; can be reloaded in and for only  
4 fiat currency, if at all; is issued or reloaded on a prepaid basis for  
5 the future purchase or delivery of goods or services; is honored  
6 upon presentation; and can be redeemed in and for only fiat  
7 currency, if at all.<sup>3</sup>

8 “Responsible individual” means an individual who has  
9 managerial authority with respect to a licensee’s digital asset  
10 business activity <sup>3</sup>【with or on behalf of a resident.

11 “Transmission” means to engage in the business of receiving  
12 monetary value for transmission to a location inside or outside of  
13 the United States by any means, including, but not limited to, wire,  
14 facsimile, or electronic transfer<sup>3</sup>】.

15 “Virtual currency” means a digital asset that is used as a medium  
16 of exchange, unit of account, or store of value, and is not  
17 recognized as legal tender by the United States government.

18  
19 3. <sup>2</sup>【<sup>1</sup>(New section)<sup>1</sup>】<sup>2</sup> a. A person shall not engage in a  
20 digital asset business activity, or hold itself out as being able to  
21 engage in a digital asset business activity<sup>3</sup>【, with or on behalf of a  
22 resident】<sup>3</sup> <sup>1,1</sup> unless the person is licensed in this State by the  
23 <sup>2</sup>【department, or has filed a pending license with the department】  
24 bureau<sup>2</sup>.

25 b. The <sup>2</sup>【department】 bureau<sup>2</sup> may license a person to carry on  
26 one or more of the following digital asset business activities:

27 (1) receiving a digital asset for transmission or transmitting a  
28 digital asset <sup>3</sup>to a location inside or outside of the United States by  
29 any means, including but not limited to wire, facsimile, or  
30 electronic transfer<sup>3</sup>, except where<sup>3</sup>:

31 (a)<sup>3</sup> the transaction is undertaken for non-financial purposes and  
32 does not involve the transfer of more than a nominal amount of a  
33 digital asset; <sup>3</sup>or

34 (b) the transmission is otherwise governed under the “New  
35 Jersey Money Transmitters Act,” P.L.1998, c.14, (C.17:15C-1 et  
36 seq.), is conducted by a person or entity licensed under that act, and  
37 is conducted into the country that has authorized or adopted the  
38 digital asset as part of its currency and in which the digital asset is  
39 customarily used and accepted as a medium of exchange;<sup>3</sup>

40 (2) storing, holding, or maintaining custody of a digital asset on  
41 behalf of others, exempting all custodians otherwise regulated as a  
42 bank, trust, broker-dealer, or credit union in any state or by the  
43 United States or money transmitter licensed in this State;

44 (3) buying and selling digital assets as a customer business;

45 (4) performing exchange services of digital assets as a customer  
46 business;

- 1 (5) issuing a digital asset <sup>3</sup>, where the person has authority over  
 2 its initial dissemination or offering<sup>3</sup>; or
- 3 (6) borrowing or lending of, or facilitating the borrowing or  
 4 lending of, <sup>3</sup>**[customer]** a customer's<sup>3</sup> digital assets.
- 5 c. <sup>3</sup>(1)<sup>3</sup> <sup>2</sup>The bureau shall have the authority to determine  
 6 whether a person is required to be licensed pursuant to this section.
- 7 <sup>3</sup>(2) A license shall not be required pursuant to this section if the  
 8 subject of the digital asset business activity is a digital asset that:
- 9 (a) is a digital consumer asset;
- 10 (b) (i) is used solely within online gaming platforms;  
 11 (ii) has no market or application outside of those gaming  
 12 platforms; and
- 13 (iii) cannot be converted into, or redeemed for, fiat currency or  
 14 virtual currency;
- 15 (c) can be redeemed for goods, services, discounts, or purchases  
 16 as part of a customer affinity or rewards program with the issuer or  
 17 other designated merchants or can be redeemed for digital assets in  
 18 another customer affinity or rewards program, but cannot be  
 19 converted into, or redeemed for, fiat currency or virtual currency; or
- 20 (d) is used as part of prepaid cards.<sup>3</sup>
- 21 d.<sup>2</sup> <sup>3</sup>**[A]** In addition to any other applicable penalties, a<sup>3</sup> person  
 22 who violates this section shall be liable for a penalty of \$500 per  
 23 day, from the first day the <sup>2</sup>**[department]** bureau<sup>2</sup> issues a notice of  
 24 failure to apply <sup>3</sup>for<sup>3</sup> a license until a license application is filed  
 25 with the <sup>2</sup>**[department]** bureau<sup>2</sup>. <sup>3</sup>Such person shall be liable for a  
 26 violation of any provision of P.L. , c. (C. ) (pending before  
 27 the Legislature as this bill) for which the person would otherwise be  
 28 liable had the person properly been licensed.<sup>3</sup>
- 29
- 30 4. <sup>2</sup>**[<sup>1</sup>(New section)<sup>1</sup>]**<sup>2</sup> a. An application for a license under  
 31 <sup>1</sup>**[this act]** P.L. , c. (C. ) (pending before the Legislature as  
 32 this bill)<sup>1</sup> shall be submitted <sup>2</sup>in a form and manner set forth by the  
 33 bureau, which may include, if the bureau so designates,<sup>2</sup> through  
 34 the Nationwide Multistate Licensing System <sup>2</sup>**[made in the form**  
 35 **and medium to be prescribed by the department by regulation,**  
 36 **utilizing the Nationwide Multistate Licensing System]**<sup>2</sup>. The  
 37 <sup>2</sup>**[department]** bureau<sup>2</sup> shall require each application to be  
 38 accompanied by a nonrefundable fee.
- 39 b. An applicant shall provide the following information  
 40 relevant to the applicant's proposed digital asset business activity:
- 41 (1) the legal name of the applicant, each current or proposed  
 42 business address of the applicant, and any fictitious or trade name  
 43 the applicant uses or plans to use in conducting its digital asset  
 44 business activity <sup>3</sup>**[with or on behalf of a resident]**<sup>3</sup>;
- 45 (2) the legal name, any former or fictitious name, and the  
 46 residential and business address of each <sup>1</sup>**[executive officer]** key

- 1 individual<sup>1</sup> and responsible individual of the applicant, and each  
2 controlling person of the applicant;
- 3 (3) a concise description of the current and former business of  
4 the applicant for the five years before the application is submitted  
5 or if the business has operated for less than five years, for the time  
6 the business has operated, including its products and services and  
7 the digital asset business services that the applicant seeks to provide  
8 <sup>3</sup>[in this State]<sup>3</sup>;
- 9 (4) the name, address, and telephone number of a person who  
10 manages each server the applicant expects to use in conducting its  
11 digital asset business activity <sup>3</sup>[with or on behalf of a resident]<sup>3</sup>;
- 12 (5) a list of all other states in which the applicant is licensed to  
13 engage in the digital asset business and any license revocation,  
14 license suspension, or other disciplinary action taken against the  
15 licensee in another state and any license applications rejected by  
16 another state;
- 17 (6) a list of any criminal conviction, deferred prosecution  
18 agreement, and pending criminal proceeding in any jurisdiction  
19 against the applicant, any <sup>1</sup>[executive officer] key individual<sup>1</sup>,  
20 responsible individual, and controlling person of the applicant, and  
21 each person over which the applicant has control;
- 22 (7) a list of any litigation, arbitration, or administrative  
23 proceeding in any jurisdiction <sup>3</sup>[in] to<sup>3</sup> which the applicant, or <sup>1</sup>[an  
24 executive officer] a key individual<sup>1</sup>, responsible individual, or  
25 controlling person of the applicant has been a party <sup>3</sup>[to]<sup>3</sup> for the  
26 <sup>3</sup>[five] 10<sup>3</sup> years before the application is submitted, determined to  
27 be material in accordance with generally accepted accounting  
28 principles and, to the extent the applicant would be required to  
29 disclose the litigation, arbitration, or administrative proceeding in  
30 the applicant's audited financial statements, reports to equity  
31 owners, and similar statements or reports;
- 32 (8) a list of any bankruptcy or receivership proceeding in any  
33 jurisdiction for the 10 years prior to <sup>3</sup>[the application's]<sup>3</sup>  
34 submission <sup>3</sup>of the application<sup>3</sup> in which the applicant, any  
35 <sup>1</sup>[executive officer] key individual<sup>1</sup>, responsible individual, or  
36 controlling person of the applicant, or person over which the  
37 applicant has control, was a debtor;
- 38 (9) the United States Postal Service address and electronic mail  
39 address to which communications from the <sup>2</sup>[department] bureau<sup>2</sup>  
40 may be sent;
- 41 (10) the name, United States Postal Service address, and  
42 electronic mail address of the registered agent of the applicant in  
43 this State, if applicable;
- 44 (11) a copy of any certificate of coverage for each liability,  
45 casualty, business-interruption, or cyber-security insurance policy  
46 maintained by the applicant for itself or the applicant's users;

- 1 (12) a description of the structure or organization of the  
2 applicant, including any parent <sup>1</sup>company<sup>1</sup> or subsidiary of the  
3 applicant, and whether any parent <sup>1</sup>company<sup>1</sup> or subsidiary is  
4 publicly traded;
- 5 (13) if applicable, the date on which and the state in which the  
6 applicant is formed, and a copy of a current certificate of good  
7 standing issued by that state;
- 8 (14) policies and procedures to be adopted by the applicant to  
9 meet any obligations required by anti-money laundering and anti-  
10 terror financing laws;
- 11 (15) a copy of the applicant's audited financial statements for  
12 the most recent <sup>3</sup>preceding<sup>3</sup> fiscal year and, if available, for the  
13 two-year period next preceding the submission of the application;
- 14 (16) a copy of the applicant's unconsolidated financial  
15 statements for the current fiscal year, whether audited or not, and if  
16 available, for the two-year period next preceding the submission of  
17 the application;
- 18 (17) if a corporation has control of the applicant and the  
19 corporation's equity interests are publicly traded in the United  
20 States, a copy of the audited financial statement of the corporation  
21 for the most recent <sup>3</sup>preceding<sup>3</sup> fiscal year or most recent report of  
22 the corporation filed under section 13 of the "Securities Exchange  
23 Act of 1934," 15 U.S.C. s.78m;
- 24 (18) if a corporation has control of the applicant and the  
25 corporation's equity interests are publicly traded outside the United  
26 States, a copy of the audited financial statement of the corporation  
27 for the most recent documentation similar to that required in  
28 paragraph (17) of this subsection, filed with the foreign regulator in  
29 the domicile of the corporation;
- 30 (19) if available, for each <sup>1</sup>**[executive officer]** key individual<sup>1</sup>,  
31 responsible individual, or controlling person of the applicant, for  
32 the three years before the application is submitted, the employment  
33 history, and the history of any enforcement action against the  
34 individual or legal proceeding to which the individual was a party;
- 35 (20) a sample form of receipt for transactions that involve  
36 money received for the digital asset business;
- 37 (21) disclosure of who maintains control, ownership, or access  
38 to any private key related to a <sup>3</sup>customer's<sup>3</sup> digital <sup>3</sup>**[assets**  
39 **consumer's]** asset<sup>3</sup> account and information where the private key  
40 is held and the manner in which the private key is held; <sup>2</sup>**[and]**<sup>2</sup>
- 41 (22) a list of all agents authorized to represent or conduct  
42 business on behalf of the digital asset business <sup>2</sup>; and
- 43 (23) such additional information as the bureau may require<sup>2</sup>.
- 44 c. At the time of application and within 45 days after the end  
45 of each calendar quarter, each digital asset business shall file with  
46 the <sup>2</sup>**[department]** bureau<sup>2</sup> in writing a list of all agents that have

1 been added or terminated by the licensee, if any. The list shall  
2 include the name and business address of each location.

3 d. The <sup>2</sup>**[department]** bureau<sup>2 3</sup>, or its designee,<sup>3</sup> may conduct  
4 a criminal history records check of the applicant, any controlling  
5 persons, <sup>1</sup>**[executive officers]** key individuals<sup>1</sup>, and responsible  
6 individuals of the applicant and require the applicant to submit the  
7 fingerprints of those persons as part of the application. The  
8 <sup>2</sup>**[department]** bureau<sup>2 3</sup>, or its designee,<sup>3</sup> is authorized to exchange  
9 fingerprint data with and receive criminal history record  
10 information from the State Bureau of Identification in the Division  
11 of State Police and the Federal Bureau of Investigation consistent  
12 with applicable State and federal laws, rules, and regulations, for  
13 the purposes of facilitating determinations concerning licensure  
14 eligibility for the applicant, any controlling persons, <sup>1</sup>**[executive**  
15 **officers]** key individuals<sup>1</sup>, and responsible individuals of the  
16 applicant. The applicant shall bear the cost for the criminal history  
17 record background check, including all costs of administering and  
18 processing the check. The Division of State Police shall promptly  
19 notify the <sup>2</sup>**[department]** bureau<sup>2</sup> in the event any person who was  
20 the subject of a criminal history record background check pursuant  
21 to this section, is arrested for a crime or offense in this State after  
22 the date the background check was performed, whether the person  
23 is a prospective new licensee, or subsequently, a current license  
24 holder. <sup>3</sup>The bureau may also utilize the Nationwide Multistate  
25 Licensing System or similar system or entity to carry out the  
26 purposes of this subsection, as authorized by section 13 of P.L. \_\_\_\_\_,  
27 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill).<sup>3</sup>

28 e. <sup>3</sup>**[No license shall be issued by the <sup>2</sup>**[department]** bureau<sup>2</sup>**  
29 **to an individual who has, within the five years preceding the**  
30 **submission of an application for a license, been convicted of**  
31 **embezzlement, forgery, fraud, or theft.]** Information provided to  
32 the bureau pursuant to an application for a license under P.L. \_\_\_\_\_,  
33 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill) shall be  
34 protected from public disclosure, including, but not limited to,  
35 disclosure under P.L.1963, c.73 (C.47:1A-1 et seq.), provided that  
36 nothing in this subsection shall be construed to prevent public  
37 disclosure of the name, address, phone number, and email address  
38 of a licensee, or information concerning the status of any  
39 application for a license or license issued under P.L. \_\_\_\_\_,  
40 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill).<sup>3</sup>

41  
42 5. <sup>2</sup>**[<sup>1</sup>(New section)<sup>1</sup>]<sup>2</sup>** a. The <sup>2</sup>**[department]** bureau<sup>2 3</sup> shall  
43 have the authority to grant or deny any digital asset business license  
44 application. Beginning with applications received on or after the  
45 first day of the 36th month next following enactment, the bureau<sup>3</sup>  
46 shall grant or deny any digital asset business license application  
47 within <sup>3</sup>**[120]** 180<sup>3</sup> days of <sup>2</sup>receipt of a<sup>2</sup> completed application.



1       b. The <sup>2</sup>**[department]** bureau<sup>2</sup> may refuse an application for a  
2 digital asset business license <sup>3</sup>**[or license reciprocity application]**<sup>3</sup>  
3 if:

- 4       (1) the application is incomplete in a material respect;  
5       (2) the application includes false, misleading, or inaccurate  
6 information; <sup>2</sup>or<sup>2</sup>  
7       (3) any applicant, controlling person, key individual, or  
8 responsible individual of an applicant has engaged in dishonest or  
9 unethical practices in a digital asset business or in the securities  
10 commodities, banking, insurance, or investment advisory business  
11 <sup>2</sup>**[**; or  
12       (4) any material aspect of the license application as represented  
13 by the application requirements contained in section 4 of <sup>1</sup>**[this act]**  
14 P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (pending before the Legislature as this  
15 bill)<sup>1</sup><sup>2</sup>.

16       c. A license issued pursuant to <sup>1</sup>**[this act]** P.L. \_\_\_\_\_, c. \_\_\_\_\_  
17 (pending before the Legislature as this bill)<sup>1</sup> shall not be  
18 transferrable or assignable.

19

20       6. <sup>2</sup>**[<sup>1</sup>(New section)<sup>1</sup>]**<sup>2</sup> a. A licensee may apply for an annual  
21 renewal of a license by:

- 22       (1) paying a renewal fee in an amount determined by the  
23 <sup>2</sup>**[department]** bureau<sup>2</sup> pursuant to regulation; <sup>3</sup>and<sup>3</sup>  
24       (2) submitting to the <sup>2</sup>**[department through the Nationwide**  
25 **Multistate Licensing System]** bureau, in a form and manner set  
26 forth by the bureau,<sup>2</sup> the renewal report required pursuant to  
27 subsection b. of this section.

28       b. A license renewal report required pursuant to this section  
29 shall be submitted in a form and medium prescribed by the  
30 <sup>2</sup>**[department]** bureau<sup>2</sup> by regulation. The report shall contain an  
31 update of all information required at initial licensing and a  
32 description of any:

- 33       (1) material change in the financial condition of the licensee;  
34       (2) material litigation involving the licensee or <sup>1</sup>**[an executive**  
35 **officer]** a key individual<sup>1</sup>, responsible individual, or controlling  
36 person of the licensee;  
37       (3) license suspension or revocation proceeding commenced, or  
38 other action taken, involving a license to conduct digital asset  
39 business activity issued by another state <sup>3</sup>**[on which reciprocal**  
40 **licensing is based]**<sup>3</sup>;  
41       (4) federal or state action involving the licensee;  
42       (5) material change in the business of the licensee; and  
43       (6) changes to the <sup>1</sup>**[executive officers]** key individuals<sup>1</sup> of the  
44 licensee.

45       c. If a license is suspended for failure to file an annual renewal,  
46 the license shall be reinstated if the licensee files a renewal report

1 and pays a fee, in an amount determined by the <sup>2</sup>[department]  
2 bureau<sup>2</sup> pursuant to regulation.

3  
4 7. <sup>2</sup>[<sup>1</sup>(New section)<sup>1</sup>]<sup>2</sup> a. The <sup>2</sup>[department] bureau<sup>2</sup> may  
5 <sup>2</sup>deny,<sup>2</sup> suspend or revoke a digital asset business license upon  
6 finding that:

7 (1) the <sup>2</sup>[department has been provided with] denial,  
8 suspension, or revocation is in the public interest; and;

9 (2) the licensee, or any controlling person, responsible  
10 individual, key individual, or agent of a licensee, or any person  
11 occupying a similar status or performing similar functions or any  
12 person directly or indirectly controlling the digital asset business:

13 (a) has filed an application for licensure that, as of its effective  
14 date or as of any date after filing in the case of an order denying  
15 effectiveness, was incomplete in any material respect or contained  
16 any statement or information that, in the light of the circumstances  
17 under which it was made, was<sup>2</sup> false, misleading, or inaccurate  
18 <sup>2</sup>[information by or on behalf of the licensee]<sup>2</sup>;

19 <sup>2</sup>[(2)] (b) has provided<sup>2</sup> <sup>3</sup>[the clients of a licensee] consumers<sup>3</sup>  
20 <sup>2</sup>[have been provided]<sup>2</sup> with false, misleading, or inaccurate  
21 information <sup>2</sup>[by or on behalf of the licensee]<sup>2</sup>;

22 <sup>2</sup>[(3)] any controlling person, responsible individual, key  
23 individual, or agent of a licensee] (c)<sup>2</sup> has engaged in dishonest or  
24 unethical practice in a digital asset business or in the securities,  
25 commodities, banking, insurance, or investment advisory business;

26 <sup>2</sup>[(4)] the licensee] (d)<sup>2</sup> fails to provide documents  
27 requested by the<sup>2</sup>[department] bureau<sup>2</sup>;

28 <sup>2</sup>[(5)] the licensee] (e)<sup>2</sup> fails to renew its license;<sup>2</sup>[or

29 (6) the licensee fails safety and soundness as prescribed by the  
30 department]<sup>2</sup>

31 <sup>2</sup>(f) has violated or failed to comply with any provision of  
32 P.L. , c. (C. ) (pending before the Legislature as this bill),  
33 or any rule or order authorized by P.L. , c. (C. ) (pending  
34 before the Legislature as this bill) or has aided others in such  
35 conduct;

36 (g) has been convicted of a crime involving a digital asset or any  
37 aspect of the securities, commodities, banking, insurance or  
38 investment advisory business<sup>3</sup>, embezzlement, forgery, fraud,  
39 theft,<sup>3</sup> or any crime involving moral turpitude; provided however,  
40 that where the licensee can show by proof satisfactory to the bureau  
41 that during the 10-year period preceding the application the licensee  
42 has conducted itself in such a manner as to<sup>3</sup>[warrant] render<sup>3</sup> the  
43 <sup>3</sup>[license] licensure<sup>3</sup> consistent with all other provisions of P.L. ,  
44 c. (C. ) (pending before the Legislature as this bill), the  
45 conviction need not be a bar to<sup>3</sup>[license] licensure<sup>3</sup>;

1       (h) is permanently <sup>3</sup>enjoined<sup>3</sup> or <sup>3</sup>has in the past 10 years been<sup>3</sup>  
2 temporarily enjoined<sup>3,3</sup> by any court of competent jurisdiction from  
3 engaging in or continuing any conduct or practice involving any  
4 aspect of the digital assets, securities, commodities, banking,  
5 insurance or investment advisory business;

6       (i) is the subject of an effective order of the bureau denying,  
7 suspending, or revoking the license of a digital asset business, or  
8 registration as a broker-dealer, agent, investment adviser,  
9 investment adviser representative, securities offering registrant, or  
10 Internet site operator;

11       (j) is the subject of an order entered within the past <sup>3</sup>[five] 10<sup>3</sup>  
12 years by any federal or state digital asset, securities, commodities,  
13 banking, insurance or investment advisory administrator or self-  
14 regulatory organization denying or revoking a digital asset,  
15 securities, commodities, banking, insurance or investment advisory  
16 license or registration under federal or state securities,  
17 commodities, banking, insurance or investment advisory law,  
18 including, but not limited to registration as a broker-dealer, agent,  
19 investment adviser, investment adviser representative or issuer, or  
20 the substantial equivalent of those terms as defined in P.L. \_\_\_\_\_,  
21 c. (C. \_\_\_\_\_) (pending before the Legislature as this bill), or is the  
22 subject of an order of the Securities and Exchange Commission, a  
23 self-regulatory organization, the Commodity Futures Trading  
24 Commission, an insurance regulator, or a federal or state banking  
25 regulator, suspending or expelling the applicant or licensee from a  
26 national securities or commodities exchange or national securities  
27 or commodities association registered under the "Securities  
28 Exchange Act of 1934," or the "Commodity Exchange Act," or from  
29 engaging in the banking or insurance business, or is the subject of a  
30 United States Post Office fraud order; provided however that the  
31 bureau may not institute a revocation or suspension proceeding  
32 under this subparagraph more than two years from the date of the  
33 order relied on and the bureau may not deny, suspend, or revoke  
34 under this subparagraph on the basis of an order under another  
35 state's act unless that order was based on facts which would  
36 currently constitute a ground for an order under New Jersey law;

37       (k) is insolvent, either in the sense that its liabilities exceed its  
38 assets or in the sense that it cannot meet its obligations as they  
39 mature;

40       (l) is not qualified on the basis of such factors as character,  
41 training, experience, or knowledge of the digital asset business; or

42       (m) has failed to pay the proper fees<sup>2</sup>.

43       b. The <sup>2</sup>[department] bureau<sup>2</sup> may provide a warning notice to  
44 a licensee if the <sup>2</sup>[department] bureau<sup>2</sup> suspects that a condition  
45 permitting suspension or revocation has occurred.

46       c. Any warning notice, suspension, or revocation issued by the  
47 <sup>2</sup>[department] bureau<sup>2</sup> shall state the reasons for which it is given.

1       <sup>2</sup>d. The bureau chief, for good cause shown, may by order  
2 summarily suspend, revoke or deny any license pending final  
3 determination of any proceeding under this section. The suspension  
4 or revocation of a license issued by the bureau shall prominently  
5 indicate that a right to a hearing is available. Upon entry of such an  
6 order, the bureau chief shall promptly notify each person subject  
7 thereto that it has been entered and of the reasons therefor.

8       The bureau chief shall entertain on no less than three days' notice  
9 an application to lift the summary order on written application of  
10 the person subject thereto and in connection therewith may, but  
11 need not, hold a hearing and hear testimony, but shall provide to the  
12 person subject thereto a written statement of the reasons for the  
13 summary order.

14       Upon service of notice of the order issued by the bureau chief,  
15 each person subject thereto shall have up to 15 days to respond to  
16 the bureau in the form of a written answer and written request for a  
17 hearing. The bureau chief shall, within five days of receiving the  
18 answer and request for a hearing, either transmit the matter to the  
19 Office of Administrative Law for a hearing, or schedule a hearing at  
20 the Bureau of Securities. Orders issued pursuant to this section  
21 shall be subject to an application to vacate upon 10 days' notice, and  
22 in any event a preliminary hearing on the order shall be held within  
23 20 days after it is requested, and the filing of a motion to vacate the  
24 order shall toll the time for filing an answer and written request for  
25 a hearing.

26       If a person subject to the order fails to respond by either filing a  
27 written answer and written request for a hearing with the bureau or  
28 moving to vacate the order within the 15-day prescribed period, that  
29 person shall have waived the opportunity to be heard and the order  
30 shall remain in effect as to that person until modified or vacated by  
31 the bureau chief.<sup>2</sup>

32       <sup>3</sup>e. The bureau chief may by order summarily revoke a license  
33 or deny an application if the bureau chief finds that a licensee is no  
34 longer in existence, has ceased to do business as a digital asset  
35 business, or cannot be located after a reasonable search.

36       f. (1) A licensee may submit an application to withdraw from  
37 licensure. The withdrawal shall become effective on the 31st day  
38 following receipt by the bureau of the application to withdraw or  
39 within such other period of time as the bureau may determine by  
40 rule or order.

41       (2) The bureau may institute any revocation or suspension  
42 proceeding within two years after a withdrawal becomes effective  
43 and may enter a revocation or suspension order effective as of the  
44 last date on which the license was effective.<sup>3</sup>

45       <sup>2</sup>[d] <sup>3</sup>[e.<sup>2</sup>] g.<sup>3</sup>   The <sup>2</sup>[department] bureau<sup>2</sup> may issue general  
46 guidance to industry participants on how to best protect the interests  
47 of <sup>3</sup>[clients] customers<sup>3</sup>.

1           <sup>2</sup>[e] <sup>3</sup>[f.<sup>2</sup>] h.<sup>3</sup> (1) Whenever it appears to the <sup>2</sup>[department]  
 2 bureau<sup>2</sup> that any person has violated, is violating or is about to  
 3 violate any of the provisions of <sup>1</sup>[this act] P.L. \_\_, c. \_\_ (C. \_\_ )  
 4 (pending before the Legislature as this bill)<sup>1</sup>, or any regulation  
 5 adopted pursuant to <sup>1</sup>[this act] P.L. \_\_, c. \_\_ (C. \_\_ ) (pending  
 6 before the Legislature as this bill)<sup>1</sup>, <sup>3</sup>[or any licensee or any owner,  
 7 director, officer, member, partner, shareholder, trustee, employee or  
 8 agent of a licensee has committed any fraud, engaged in dishonest  
 9 activities or made any misrepresentation,]<sup>3</sup> the <sup>2</sup>[department]  
 10 bureau<sup>2</sup> may <sup>3</sup>take administrative action or<sup>3</sup> bring a civil <sup>3</sup>[suit in a  
 11 court of competent jurisdiction] action<sup>3</sup> to enjoin the violation or  
 12 potential violation, seek <sup>3</sup>[civil]<sup>3</sup> penalties pursuant to paragraph  
 13 (2) of this subsection, or both.

14           (2) Any person who violates any provision of <sup>1</sup>[this  
 15 act] P.L. \_\_, c. \_\_ (C. \_\_ ) (pending before the Legislature as this  
 16 bill)<sup>1</sup> shall be liable, in a civil <sup>3</sup>or administrative<sup>3</sup> action brought by  
 17 the <sup>2</sup>[department] bureau<sup>2</sup> <sup>3</sup>[in a court of competent jurisdiction,]<sup>3</sup>  
 18 for a penalty of not more than \$10,000 for the first violation, and  
 19 \$20,000 for the second and each subsequent offense. The penalty  
 20 shall be <sup>3</sup>[paid to the]<sup>3</sup> <sup>2</sup>[department] <sup>3</sup>[bureau<sup>2</sup> to be used in  
 21 accordance with <sup>1</sup>[this act] P.L. \_\_, c. \_\_ (C. \_\_ ) (pending before  
 22 the Legislature as this bill)<sup>1</sup> and shall be] entered, with the requisite  
 23 notice, and recovered by and in the name of the bureau chief and  
 24 shall be<sup>3</sup> collected <sup>3</sup>and enforced by summary proceeding<sup>3</sup> pursuant  
 25 to the “Penalty Enforcement Law of 1999,” P.L.1999, c.274  
 26 (C.2A:58-10 et seq.)<sup>3</sup>, or administratively<sup>3</sup>. The court shall also  
 27 award court costs and reasonable attorneys' fees to the  
 28 <sup>2</sup>[department] bureau<sup>2</sup>.

29           <sup>2</sup>[f] <sup>3</sup>[g.<sup>2</sup>] i.<sup>3</sup> Each licensee shall maintain and enforce  
 30 <sup>2</sup>[confidential,]<sup>2</sup> written compliance policies, including policies  
 31 with respect to anti-fraud, anti-money laundering, cyber security,  
 32 privacy and information security, which shall be reviewed and  
 33 approved by the licensee’s board of directors or an equivalent  
 34 governing body.

35           <sup>3</sup>j. It shall be unlawful for any person, in conducting digital  
 36 business activity or otherwise in connection with the offer, sale,  
 37 purchase, or trade of any digital asset, directly or indirectly, to:

38           (1) employ any device, scheme, or artifice to defraud;

39           (2) make any untrue statement of a material fact or to omit a  
 40 material fact necessary in order to make the statements made, in the  
 41 light of the circumstances under which they are made, not  
 42 misleading; or

43           (3) engage in any act, practice, or course of business which  
 44 operates or would operate as a fraud or deceit upon any person.<sup>3</sup>

1       <sup>2</sup>[8. <sup>1</sup>(New section)<sup>1</sup> Any denial, suspension, or revocation of a  
2 license, or warning notice issued by the department shall  
3 prominently indicate that a right of appeal is available. A licensee  
4 or prospective licensee which is aggrieved by a decision of the  
5 department may appeal the decision by filing a request for a hearing  
6 before the Office of Administrative Law.]<sup>2</sup>

7  
8       <sup>2</sup>[9. <sup>1</sup>(New section)<sup>1</sup>] <sup>8.2</sup> a. <sup>3</sup>[(1)]<sup>3</sup> A licensee shall provide  
9 to the <sup>2</sup>[department] bureau<sup>2</sup> in a reasonable amount of time any  
10 document <sup>3</sup>or record<sup>3</sup> relating to the operations of the licensee upon  
11 receiving a written request from the <sup>2</sup>[department] bureau<sup>2</sup>.

12       <sup>3</sup>[(2) Any notice requiring the production of documents  
13 pursuant to this section shall include the reasons for which it is  
14 given.]<sup>3</sup>

15       b. A licensee shall give written notice to the <sup>2</sup>[department]  
16 bureau<sup>2</sup> within five days if there are any changes in the identities of  
17 the licensee's <sup>1</sup>[executive officers] key individuals<sup>1</sup>, responsible  
18 individuals, or controlling persons.

19       c. A licensee shall maintain a record of all <sup>3</sup>[client] customer<sup>3</sup>  
20 transactions <sup>2</sup>, and any accounts, correspondence, memoranda, and  
21 other records as the bureau may prescribe,<sup>2</sup> for a period of not less  
22 than six years from the date the transaction occurred <sup>2</sup>, unless the  
23 bureau by rule prescribes otherwise<sup>2</sup>. <sup>3</sup>A licensee shall make any  
24 records available for inspection by the bureau.

25       d. The bureau may conduct examinations to determine a  
26 licensee's compliance with P.L. , c. (C. ) (pending before  
27 the Legislature as this bill).<sup>3</sup>

28  
29       <sup>2</sup>[10. <sup>1</sup>(New section)<sup>1</sup>] <sup>9.2</sup> a. The terms and conditions of a  
30 <sup>3</sup>licensee's<sup>3</sup> digital asset business <sup>3</sup>activity<sup>3</sup> involving a  
31 <sup>3</sup>[consumer's] customer's<sup>3</sup> account shall be disclosed as part of  
32 establishing a relationship with a customer and prior to entering into  
33 an initial transaction with the customer at the time the <sup>3</sup>[consumer]  
34 customer<sup>3</sup> contracts for a digital asset business service. A disclosure  
35 shall be full and complete, contain no material misrepresentations,  
36 be in readily understandable language and <sup>3</sup>[may] shall, at a  
37 minimum,<sup>3</sup> include, as appropriate and to the extent applicable:

38       (1) a schedule of fees and charges the licensee may assess, the  
39 manner by which fees and charges will be calculated if they are not  
40 set in advance and disclosed, and the timing of the fees and charges;

41       (2) whether a <sup>3</sup>[consumer's] customer's<sup>3</sup> account is protected  
42 by the Federal Deposit Insurance Corporation;

43       (3) whether there is support for forked networks of each digital  
44 asset;

45       (4) that investment in digital assets is volatile and subject to  
46 market loss;

- 1 (5) that investment in digital assets may result in total loss of  
2 value;
- 3 (6) that legal, legislative and regulatory changes may impair the  
4 value of digital assets;
- 5 (7) that <sup>3</sup>[consumers] customers<sup>3</sup> should perform research  
6 before investing in digital assets;
- 7 (8) that transfers of digital assets are irrevocable, if applicable;
- 8 (9) how liability for an unauthorized, mistaken or accidental  
9 transfer shall be apportioned;
- 10 (10) that digital assets are not legal tender in any jurisdiction;
- 11 (11) that digital assets may be subject to cyber theft or theft and  
12 become unrecoverable;
- 13 (12) that losing private key information may result in permanent  
14 total loss of access to digital assets;
- 15 (13) under what circumstances the digital asset business will in  
16 the ordinary course of business disclose information concerning the  
17 <sup>3</sup>[consumer's] customer's<sup>3</sup> account to third parties; and
- 18 (14) any other material investment risks.
- 19 b. All disclosures required by <sup>1</sup>[this act] P.L. \_\_\_\_, c. (C. \_\_)  
20 (pending before the Legislature as this bill)<sup>1</sup> shall be displayed and  
21 individually agreed to by a consumer before any digital asset  
22 transaction at an electronic kiosk. Any fee to be charged shall be  
23 displayed and individually agreed to by a consumer before any  
24 digital asset transaction or digital asset balance inquiry at an  
25 electronic kiosk.
- 26 c. A licensee that has custody of digital assets for one or more  
27 persons shall maintain in its custody an amount of each type of  
28 digital <sup>3</sup>[assets] asset<sup>3</sup> sufficient to satisfy the aggregate  
29 entitlements of the persons to the type of digital asset.
- 30 d. Each licensee shall establish and maintain written policies  
31 and procedures to fairly and timely resolve customer complaints.
- 32 e. Each licensee shall provide, in a clear and conspicuous  
33 manner, on its website or websites, and in all physical locations the  
34 following disclosures:
- 35 (1) the licensee's mailing address, e-mail address, and telephone  
36 number for the receipt of complaints;
- 37 (2) a statement that the complainant may also bring a complaint  
38 to the attention of the <sup>2</sup>[department] bureau<sup>2</sup>; and
- 39 (3) the <sup>2</sup>[department] bureau<sup>2</sup> mailing address, website, and  
40 telephone number.
- 41 <sup>3</sup>[f. The <sup>2</sup>[department] bureau<sup>2</sup> may audit a licensee's  
42 compliance with this section.]<sup>3</sup>
- 43
- 44 <sup>2</sup>10. <sup>3</sup>a.<sup>3</sup> It shall be unlawful for any person to make or cause to  
45 be made, in any document filed with the bureau or in any  
46 proceeding, investigation or examination conducted under P.L. \_\_\_\_,  
47 c. (C. \_\_) (pending before the Legislature as this bill), any

1 statement which is, at the time and in the light of the circumstances  
2 under which it is made, false or misleading in any material respect.<sup>2</sup>

3 <sup>3</sup>b. It shall be unlawful for any officer or employee of the  
4 bureau to use for personal benefit any information which is filed  
5 with or obtained by the bureau that is not made public.<sup>3</sup>

6  
7 <sup>2</sup>[11. <sup>1</sup>(New section)<sup>1</sup> Authority of department.

8 a. The department shall have the authority to conduct  
9 investigations and examinations as follows:

10 (1) for purposes of initial licensing, license renewal, license  
11 suspension, license conditioning, license revocation or termination,  
12 or general or specific inquiry or investigation to determine  
13 compliance with <sup>1</sup>[this act] P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (pending before  
14 the Legislature as this bill)<sup>1</sup>, the department may access, receive  
15 and use any books, accounts, records, files, documents, information  
16 or evidence including, but not limited to:

17 (a) criminal, civil, and administrative history information:

18 (b) financial statements and any other records of financial  
19 condition of the licensee, any control person of the licensee, and  
20 any business entity exerting control over the licensee;

21 (c) personal history and experience information, including  
22 independent credit reports obtained from a consumer reporting  
23 agency described in section 603(p) of the “Fair Credit Reporting  
24 Act,” 15 U.S.C. s.1681a(p); and

25 (d) any other documents, <sup>1</sup>[.]<sup>1</sup> information or evidence the  
26 department deems relevant to the inquiry or investigation regardless  
27 of the location, possession, control or custody of the documents,  
28 information or evidence; and

29 (2) for the purposes of investigating violations or complaints  
30 arising under <sup>1</sup>[this act] P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (pending before the  
31 Legislature as this bill)<sup>1</sup>, or for the purposes of examination, the  
32 department may review, investigate, or examine any digital asset  
33 business licensee or person subject to <sup>1</sup>[this act] P.L. \_\_\_\_\_,  
34 c. \_\_\_\_\_ (C. \_\_\_\_\_) (pending before the Legislature as this bill)<sup>1</sup> as often as  
35 necessary in order to carry out the purposes of <sup>1</sup>[this act] P.L. \_\_\_\_\_,  
36 c. \_\_\_\_\_ (C. \_\_\_\_\_) (pending before the Legislature as this bill)<sup>1</sup>. The  
37 commissioner may direct, subpoena, or order the attendance of and  
38 examine under oath all persons whose testimony may be required  
39 about digital assets, digital consumer assets, virtual currency, or the  
40 business or subject matter of any examination or investigation, and  
41 may direct, subpoena or order the person to produce books,  
42 accounts, records, files and any other documents the department  
43 deems relevant to the inquiry.

44 b. A digital asset business licensee or any person subject to  
45 <sup>1</sup>[this act] P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (pending before the Legislature as  
46 this bill)<sup>1</sup> shall make or compile reports or prepare other  
47 information as directed by the department in order to carry out the



1 purposes of this section including accounting compilations,  
2 information lists, and data concerning digital asset, digital consumer  
3 asset, or virtual currency transactions in a format prescribed by the  
4 commissioner or any other information the department deems  
5 necessary to carry out the purposes of <sup>1</sup>**[this act] P.L. \_\_\_\_\_,**  
6 **c. (C. \_\_\_\_\_) (pending before the Legislature as this bill)<sup>1</sup>.**

7 c. In making an examination or investigation authorized by this  
8 section, the department may control access to any documents and  
9 records of the digital asset business or person under examination or  
10 investigation. The commissioner may take possession of the  
11 documents and records or place a person in exclusive charge of the  
12 documents and records in the place where they are usually kept.  
13 During the period of control, no person shall remove or attempt to  
14 remove any of the documents and records except pursuant to a court  
15 order or with the consent of the department. Unless the  
16 commissioner has reasonable grounds to believe the documents or  
17 records of the digital asset business or person have been, or are at  
18 risk of being, altered or destroyed for purposes of concealing a  
19 violation of <sup>1</sup>**[this act] P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_) (pending before the**  
20 **Legislature as this bill)<sup>1</sup>,** the digital asset business or owner of the  
21 documents and records shall have access to the documents or  
22 records as necessary to conduct its ordinary business affairs.

23 <sup>1</sup>**[d. For purposes of conducting the authority of the department,**  
24 **addition of required resources as follows: 4 examiners, 2 licensing**  
25 **investigators and 2 enforcement investigators.]<sup>1</sup><sup>2</sup>**

26  
27 <sup>2</sup>**[12. <sup>1</sup>(New section)<sup>1</sup>** a. Notwithstanding any other  
28 provision of law, all information or reports obtained by the  
29 department from an applicant, licensee or agent, whether obtained  
30 through reports, applications, examinations, audits, investigations,  
31 or otherwise, including, but not limited to <sup>1</sup>**[,] :<sup>1</sup>** (1) all information  
32 contained in or related to examination, investigation, operating or  
33 condition reports prepared by, or on behalf of, or for the use of the  
34 department; or (2) financial statements, balance sheets, or  
35 authorized delegate information, are confidential and may not be  
36 disclosed or distributed outside the department by the department or  
37 any officer or employee of the department. The department,  
38 however, may provide for the release of information to  
39 representatives of state or federal agencies and foreign countries  
40 having regulatory or supervisory authority over the activities of the  
41 licensee or similar licensees if those representatives, upon request  
42 of the commissioner, disclose similar information respecting those  
43 licensees under their regulation or supervision, or to those  
44 representatives who state in writing under oath that they shall  
45 maintain the confidentiality of that information.

46 b. The department may:

1 (1) disclose the fact of filing of applications with the department  
2 pursuant to <sup>1</sup>**["this act"] P.L. , c. (C. ) (pending before the**  
3 **Legislature as this bill)<sup>1</sup>**, give notice of a hearing, if any, regarding  
4 those applications, and announce an action thereon;

5 (2) disclose final decisions in connection with proceedings for  
6 the suspension or revocation of licenses issued pursuant to <sup>1</sup>**["this**  
7 **act"] P.L. , c. (C. ) (pending before the Legislature as this**  
8 **bill)<sup>1</sup>**;

9 (3) prepare and circulate reports reflecting the assets and  
10 liabilities of digital asset businesses in general, including other  
11 information considered pertinent to the purpose of each report for  
12 general statistical information; and

13 (4) prepare and circulate reports as provided by law.

14 c. Every official report of the department is prima facie  
15 evidence of the facts therein stated in any action or proceeding  
16 wherein the department is a party.

17 d. Nothing in this section shall be construed to prevent the  
18 disclosure of information that is admissible in evidence in any civil  
19 or criminal proceeding brought by or at the request of the  
20 department or this State to enforce or prosecute violations of <sup>1</sup>**["this**  
21 **act"] P.L. , c. (C. ) (pending before the Legislature as this**  
22 **bill)<sup>1</sup>** or the rules, regulations or orders issued or promulgated  
23 pursuant to <sup>1</sup>**["this act"] P.L. , c. (C. ) (pending before the**  
24 **Legislature as this bill)<sup>1</sup>.]<sup>2</sup>**

25  
26 <sup>2</sup>**[13. Section 2 of P.L.2005, c.199 (C.17:1C-34) is amended to**  
27 **read as follows:**

28 2. For the purposes of this act:

29 "Assessment" means the assessment imposed pursuant to section  
30 3 of this act for the special functions of the division as provided in  
31 that section.

32 "Commissioner" means the Commissioner of Banking and  
33 Insurance.

34 "Department" means the Department of Banking and Insurance.

35 "Depository institution" means any entity holding a state charter  
36 for a bank, savings bank, savings and loan association or credit  
37 union, irrespective of whether the entity accepts deposits.

38 "Division" means the Division of Banking in the Department of  
39 Banking and Insurance.

40 **["Nationwide Mortgage Licensing System and Registry" means**  
41 **the mortgage licensing system developed and maintained by the**  
42 **Conference of State Bank Supervisors and the American**  
43 **Association of Residential Mortgage Regulators, or their**  
44 **successors, and utilized in this State pursuant to the provisions of**  
45 **the "New Jersey Residential Mortgage Lending Act," sections 1**  
46 **through 39 of P.L.2009, c.53 (C.17:11C-51 et seq.).]**

1        "Nationwide Multistate Licensing System" means the licensing  
 2 system owned and operated by the State Regulatory Registry, LLC,  
 3 a wholly-owned subsidiary of the Conference of State Bank  
 4 Supervisors, which functions as a system of record for non-  
 5 depository, financial services licensing or registration in  
 6 participating state agencies, including the District of Columbia and  
 7 the United States Territories of Puerto Rico, the US Virgin Islands,  
 8 and Guam, where it is the official system for companies and  
 9 individuals seeking to apply for, amend, renew, and surrender  
 10 license authorities.

11        "Other financial entity" means a person who is licensed or  
 12 registered pursuant to: the "New Jersey Consumer Finance  
 13 Licensing Act," sections 1 through 49 of P.L.1996, c.157  
 14 (C.17:11C-1 et seq.); the "New Jersey Residential Mortgage  
 15 Lending Act," sections 1 through 39 of P.L.2009, c.53  
 16 (C.17:11C-51 et seq.), other than a financial entity with respect to  
 17 the payment of required fees to the Nationwide **【Mortgage】**  
 18 **【Multistate Licensing System 【and Registry】** as set forth by that  
 19 nationwide system and registry; "The Check Cashers Regulatory  
 20 Act of 1993," P.L.1993, c.383 (C.17:15A-30 et seq.); the "New  
 21 Jersey Money Transmitters Act," P.L.1998, c.14 (C.17:15C-1 et  
 22 seq.); the "Insurance Premium Finance Company Act," P.L.1968,  
 23 c.221 (C.17:16D-1 et seq.); the "Retail Installment Sales Act of  
 24 1960," P.L.1960, c.40 (C.17:16C-1 et seq.); the "Door-to-Door  
 25 Retail Installment Sales Act of 1968," P.L.1968, c.223  
 26 (C.17:16C-61.1 et seq.); the "Home Repair Financing Act,"  
 27 P.L.1960, c.41 (C.17:16C-62 et seq.); the "Door-to-Door Home  
 28 Repair Sales Act of 1968," P.L.1968, c.224 (C.17:16C-95 et seq.);  
 29 P.L.1979, c.16 (C.17:16G-1 et seq.); the "Foreclosure Rescue Fraud  
 30 Prevention Act," P.L.2011, c.146 (C.46:10B-53 et al.); the  
 31 "Mortgage Servicers Licensing Act," P.L.2019, c.65 (C.17:16F-27  
 32 et al.); the provisions of P.L.2019, c.200 (C.17:16ZZ-1 et al.); or  
 33 the "pawnbroking law," R.S.45:22-1 et seq; or the "Digital Asset  
 34 and Blockchain Technology <sup>1</sup>**【Act】** Act,"<sup>1</sup> P.L. , c. (C. )  
 35 (pending before the Legislature as this bill).

36        "Regulated entity" means a depository institution, other financial  
 37 entity or person chartered, licensed or registered by the Division of  
 38 Banking or who should be chartered, licensed or registered.  
 39 (cf: P.L.2019, c.200, s.17)<sup>2</sup>

40  
 41        <sup>2</sup>11. a. The bureau chief in the bureau chief's discretion may:  
 42        (1) make such private investigations within or outside of this  
 43 State as the bureau chief deems necessary to determine whether any  
 44 person has violated or is about to violate any provision of  
 45 P.L. , c. (C. ) (pending before the Legislature as this bill) or  
 46 any rule or order hereunder, or to aid in the enforcement of P.L. ,  
 47 c. (C. ) (pending before the Legislature as this bill) or in the  
 48 prescribing of rules and forms hereunder;

1       (2) require or permit any person to file a statement in writing,  
2 under oath or otherwise as the bureau chief determines, as to all the  
3 facts and circumstances concerning the matter to be investigated;  
4 and

5       (3) publish information concerning any violation of  
6 P.L. , c. (C. ) (pending before the Legislature as this bill) or  
7 any rule or order hereunder.

8       b. For the purpose of any investigation or proceeding under  
9 P.L. , c. (C. ) (pending before the Legislature as this bill),  
10 the bureau chief or any officer designated by the bureau chief may  
11 administer oaths and affirmations, subpoena witnesses, compel their  
12 attendance, take evidence and require the production of any books,  
13 papers, correspondence, memoranda, agreements or other  
14 documents or records which the bureau chief deems relevant or  
15 material to the inquiry. At the bureau chief's discretion, the bureau  
16 chief may make available private investigative materials to  
17 representatives of domestic or foreign governmental authorities,  
18 self-regulatory organizations, state or federal law enforcement  
19 officers, state securities, banking and insurance administrators, and  
20 trustees in bankruptcy.

21       The bureau may also disclose that information:

22       (1) in court proceedings;

23       (2) if ordered to do so by a court of competent jurisdiction; or

24       (3) if appropriate, in furtherance of any ongoing investigation or  
25 proceeding. The bureau chief may also request and use private  
26 investigative materials provided to it by other federal and state  
27 authorities, including authorities of other states and foreign  
28 countries.

29       c. In case of contumacy by, or refusal to obey a subpoena or  
30 order issued to, any person, the Superior Court, upon application by  
31 the bureau chief, may issue to the person an order requiring the  
32 person to appear before the bureau chief, or the officer designated  
33 by the bureau chief, there to produce documentary evidence if so  
34 ordered or to give evidence touching the matter under investigation  
35 or in question. The court may grant injunctive relief restraining  
36 engaging in any digital asset business activity, or holding itself out  
37 as being able to engage in any digital asset business activity by a  
38 person, licensee, controlling person, responsible individual, key  
39 individual, or agent of a licensee until such person has fully  
40 complied with such subpoena or order and the bureau has  
41 completed its investigation. The court may proceed in the action in  
42 a summary manner or otherwise.

43       d. No person is excused from attending and testifying or from  
44 producing any document or record before the bureau or in  
45 obedience to the subpoena or order of the bureau chief or any  
46 officer designated by the bureau chief, or in any proceeding  
47 instituted by the bureau, on the ground that the testimony or  
48 evidence (documentary or otherwise) required of the person may

1 tend to incriminate the person or subject the person to a penalty or  
2 forfeiture; but the testimony or evidence (documentary or  
3 otherwise) compelled from an individual who has claimed their  
4 privilege against self-incrimination, or the fruits thereof, shall not  
5 be used to prosecute that individual or to subject that individual to  
6 any penalty or forfeiture, except that the individual testifying is not  
7 exempt from prosecution and punishment for perjury, false  
8 swearing or contempt committed in testifying.

9 e. When it appears to the bureau chief that the testimony of any  
10 person is essential to an investigation instituted by the bureau chief  
11 as provided by P.L. , c. (C. ) (pending before the Legislature  
12 as this bill), and that the failure of such person to appear and testify  
13 may defeat the proper and effective conduct thereof, the bureau  
14 chief, in addition to the other remedies provided for herein, may, by  
15 petition verified generally, setting forth the facts, apply to the  
16 Superior Court for a writ of ne exeat against such person. The court  
17 shall thereupon direct the issuance of the writ against such person  
18 requiring the person to give sufficient bail conditioned to insure the  
19 person's appearance before the bureau chief for examination under  
20 oath in such investigation and that the person will continue their  
21 appearance therein from time to time until the completion of the  
22 investigation and will appear before the court if the bureau chief  
23 shall institute any proceeding therein as a result of the bureau  
24 chief's investigation.

25 The court shall cause to be indorsed on the writ of ne exeat, in  
26 words at length, a suitable amount of bail upon which the person  
27 named in the writ shall be freed, having a due regard to the nature  
28 of the case and the value of the digital assets involved. All  
29 applications to be freed on bail shall be on notice to the bureau  
30 chief and the sufficiency of the bail given on the writ shall be  
31 approved by the court. All recognizances shall be to the State and  
32 all forfeitures thereof shall be declared by the court. The proceeds  
33 of the forfeitures shall be paid into the State treasury.<sup>2</sup>

34  
35 <sup>2</sup>12. Restraints ordered by bureau chief.

36 a. In case of contumacy by, or refusal to obey a subpoena or  
37 order issued to, any person, the bureau chief may, in the bureau  
38 chief's discretion, summarily order restraints on engaging in any  
39 digital asset business activity, or holding itself out as being able to  
40 engage in any digital asset business activity by a person, licensee,  
41 controlling person, responsible individual, key individual, or agent  
42 of a licensee, until that person has fully complied with that  
43 subpoena or order and the bureau has completed its investigation.  
44 The bureau chief may proceed in an action in a summary manner or  
45 otherwise, by issuing a cease and desist order, by denying, revoking  
46 or suspending any license under P.L. , c. (C. ) (pending  
47 before the Legislature as this bill), by assessing civil monetary  
48 penalties, or by any combination of these actions the bureau chief

1 deems appropriate. Upon entry of such an order, the bureau chief  
2 shall promptly notify each person subject thereto that it has been  
3 entered and of the reasons therefor.

4 b. The bureau chief shall entertain on no less than three days'  
5 notice an application to lift the summary order on written  
6 application of the person subject thereto and in connection  
7 therewith may, but need not, hold a hearing and hear testimony, but  
8 shall provide to the person subject thereto a written statement of the  
9 reasons for the summary order.

10 c. Upon service of notice of the order issued by the bureau  
11 chief, each person subject thereto shall have up to 15 days to  
12 respond to the bureau in the form of a written answer and written  
13 request for a hearing. The bureau chief shall, within five days of  
14 receiving the answer and request for a hearing, either transmit the  
15 matter to the Office of Administrative Law for a hearing, or  
16 schedule a hearing at the Bureau of Securities. Orders issued  
17 pursuant to this section shall be subject to an application to vacate  
18 upon 10 days' notice, and in any event a preliminary hearing on the  
19 order shall be held within 20 days after it is requested, and the filing  
20 of a motion to vacate the order shall toll the time for filing an  
21 answer and written request for a hearing.

22 d. If a person subject to the order fails to respond by either  
23 filing a written answer and written request for a hearing with the  
24 bureau or moving to vacate the order within the 15-day prescribed  
25 period, that person shall have waived the opportunity to be heard  
26 and the order shall remain in effect as to that person until modified  
27 or vacated by the bureau chief.<sup>2</sup>

28  
29 <sup>3</sup>13. a. In order to carry out the purposes of P.L. , c. (C. )  
30 (pending before the Legislature as this bill), the bureau is  
31 authorized to establish relationships or to contract with the  
32 Nationwide Multistate Licensing System, or similar system or  
33 entity, and other entities designated thereby to collect and maintain  
34 records and process transaction fees or other fees related to  
35 licensees or other persons subject to P.L. , c. (C. ) (pending  
36 before the Legislature as this bill).

37 b. The bureau may require any person subject to the provisions  
38 of P.L. , c. (C. ) (pending before the Legislature as this  
39 bill), including any applicant, key individual, responsible  
40 individual, controlling person, or person over whom the applicant  
41 has control, to participate in a multistate licensing system,  
42 including, if so designated, the Nationwide Multistate Licensing  
43 System.

44 c. The bureau is authorized to waive or modify, in whole or in  
45 part, by rule, regulation, or order, any requirement set forth in  
46 P.L. , c. (C. ) (pending before the Legislature as this bill),  
47 and to establish new requirements, as reasonably necessary for the  
48 purpose of participation in the Nationwide Multistate Licensing

1 System or similar system or entity including: payment of  
2 nonrefundable fees to apply for, maintain, and renew licenses  
3 through the system; renewal or reporting dates; procedures for  
4 amending or surrendering a license; and requirements pertaining to  
5 any other activity necessary for participation in the system.<sup>3</sup>

6  
7 <sup>3</sup>[<sup>2</sup>13.] 14.<sup>3</sup> There is established in the Division of Consumer  
8 Affairs in the Department of Law and Public Safety the “Digital Asset  
9 Enforcement Fund,” which shall continue as a dedicated, nonlapsing,  
10 revolving fund. All fees, penalties, costs, fines and other moneys  
11 collected pursuant to P.L. , c. (C. ) (pending before the  
12 Legislature as this bill), shall be deposited in the fund. Moneys in the  
13 fund shall be appropriated for use by the Director of the Division of  
14 Consumer Affairs to administer and enforce the provisions of P.L. ,  
15 c. (C. ) (pending before the Legislature as this bill) and to  
16 conduct any investigations related thereto. There shall be made  
17 available from the General Fund such additional amounts as may be  
18 required to carry out the provisions of P.L. , c. (C. ) (pending  
19 before the Legislature as this bill).<sup>2</sup>

20  
21 <sup>3</sup>[<sup>2</sup>14.] 15. a.<sup>3</sup> The bureau may adopt, amend, or rescind any  
22 guidance, guidelines,<sup>3</sup> forms and orders and, pursuant to the  
23 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et  
24 seq.), any rules and regulations as are necessary to effectuate the  
25 purposes of P.L. , c. (C. ) (pending before the Legislature as  
26 this bill), including those governing applications<sup>3</sup>, forms,<sup>3</sup> and  
27 reports, and defining any terms, whether or not used in  
28 P.L. , c. (C. ) (pending before the Legislature as this bill),  
29 insofar as the definitions are not inconsistent with the provisions of  
30 P.L. , c. (C. ) (pending before the Legislature as this bill).<sup>2</sup>

31 <sup>3</sup>b. The bureau may prescribe the form, manner, and medium in  
32 which any application, form, report, statement, or any other  
33 document shall be prepared, including whether in accordance with  
34 generally accepted accounting principles or practices.

35 c. The bureau may set fees by order, which shall remain in  
36 effect until applicable rules and regulations are promulgated.<sup>3</sup>

37  
38 <sup>3</sup>[<sup>2</sup>15.] 16.<sup>3</sup> P.L. , c. (C. ) (pending before the  
39 Legislature as this bill) shall not be construed to limit the authority  
40 of the Department of Banking and Insurance over any financial  
41 institution, insurance company or other entity chartered, licensed or  
42 regulated by the department pursuant to Title 17 of the Revised  
43 Statutes or Title 17B of the New Jersey Statutes.<sup>2</sup>

44  
45 <sup>2</sup>[14.] <sup>3</sup>[<sup>16.</sup><sup>2</sup>] 17.<sup>3</sup> This act shall take effect<sup>3</sup>immediately,  
46 except that section 3 shall take effect<sup>3</sup> on the first day of the  
47 <sup>2</sup>[sixth] <sup>3</sup>[tenth<sup>2</sup>] 25th<sup>3</sup> month next following enactment,

1 <sup>3</sup>**[except]** but<sup>3</sup> the <sup>2</sup>**[commissioner]** Director of the Division of  
2 Consumer Affairs and the bureau chief<sup>2</sup> may take any anticipatory  
3 administrative action in advance as shall be necessary for the  
4 implementation of this act.