

[Third Reprint]

ASSEMBLY, No. 2891

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

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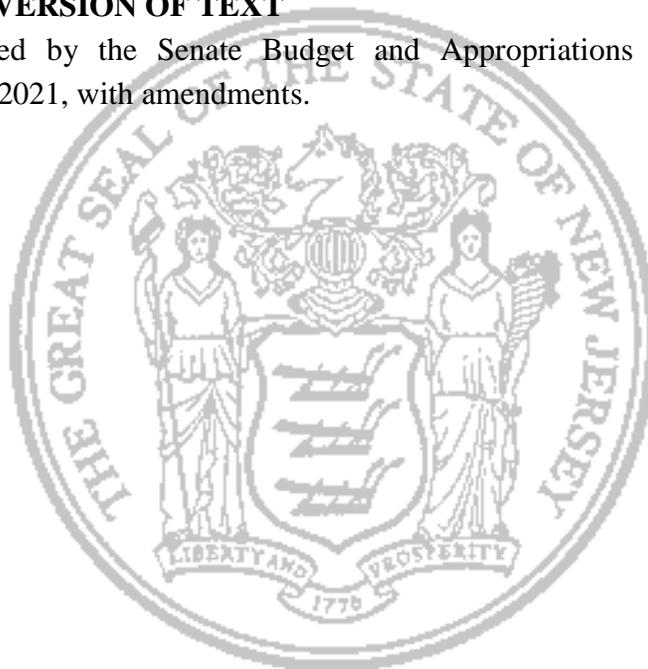
Assemblywoman Vainieri Huttle and Assemblyman Johnson

SYNOPSIS

“Digital Asset and Blockchain Technology Act.”

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 6, 2021, with amendments.



(Sponsorship Updated As Of: 3/25/2021)

1 AN ACT concerning digital assets and blockchain technology,
 2 ³amending P.L.2005, c.199,³ and supplementing Title 17 of the
 3 Revised Statutes and chapter 6 of Title 54A of the New Jersey
 4 Statutes.

5
 6 **BE IT ENACTED** by the Senate and General Assembly of the State
 7 of New Jersey:

8
 9 1. This act shall be known and may be cited as the “Digital
 10 Asset and Blockchain Technology Act.”

11
 12 2. ³“Agent means a separate business entity from the principal
 13 that the principal authorizes, through a written agreement or
 14 otherwise, to sell its instruments or, in the case of funds
 15 transmission, to sell its send and receive transfer services.³

16 “Control” means the ownership of, or the power to vote, 25
 17 percent or more of the outstanding voting interest of a licensee or
 18 controlling person. For purposes of determining the percentage of a
 19 licensee controlled by any person, there shall be aggregated with
 20 the person’s interest the interest of any other person controlled by
 21 that person or by any spouse, parent, or child of that person.

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

23 “Department” means the Department of Banking and Insurance.

24 “Digital asset” means a representation of economic, proprietary,
 25 or access rights that is stored in a machine-readable format, has a
 26 transaction history that is recorded in a distributed, digital ledger or
 27 digital data structure in which consensus is achieved through a
 28 mathematically verifiable process, and includes digital consumer
 29 assets²**[**, digital securities,**]**² and virtual currency. ²“Digital asset”
 30 shall not include securities subject to regulation by the Bureau of
 31 Securities in the Division of Consumer Affairs in the Department of
 32 Law and Public Safety, whether in digital form or otherwise.²

33 “Digital asset business” means a business that engages in the
 34 activities listed in subsection b. of section 3 of this act.

35 “Digital consumer asset” means a digital asset that is used or
 36 bought primarily for consumptive, personal, or household purposes
 37 and includes any other digital asset that does not fall within the
 38 ²**[**terms digital security or**]** term² virtual currency.

39 ²**[**“Digital security” means a digital asset that provides an
 40 interest or participation in any profit-sharing agreement, but shall
 41 not include a digital consumer asset or virtual currency.**]**²

42 ³**[**“Executive officer” means the licensee’s president, chairman
 43 of the executive committee, senior officer responsible for the
 44 licensee’s business in this State, chief financial officer, and any

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:

¹Assembly AAP committee amendments adopted February 24, 2021.

²Senate SCM committee amendments adopted May 13, 2021.

³Senate SBA committee amendments adopted December 6, 2021.

1 other person who performs similar functions. ³

2 “Issuing” means being the person who has authority over the
3 initial creation and dissemination of a digital asset.

4 ³“Key individual” means any individual ultimately responsible
5 for establishing or directing policies and procedures of the licensee,
6 such as the licensee’s president, chairperson of the executive
7 committee, senior officer responsible for the business of the
8 licensee in the State, chief financial officer, an executive manager,
9 director, trustee and any other person who performs similar
10 functions. ³

11 “Licensee” means a person licensed under this act or an applicant
12 for licensure under this act.

13 ³“Nationwide Multistate Licensing System” means the licensing
14 system owned and operated by the State Regulatory Registry, LLC,
15 a wholly-owned subsidiary of the Conference of State Bank
16 Supervisors, which functions as a system of record for non-
17 depository, financial services licensing or registration in
18 participating state agencies, including the District of Columbia and
19 the United States Territories of Puerto Rico, the US Virgin Islands,
20 and Guam, where it is the official system for companies and
21 individuals seeking to apply for, amend, renew, and surrender
22 license authorities. ³

23 “Resident” means a person that is: domiciled in New Jersey;
24 physically located in New Jersey for more than 183 days of the
25 previous 365 days; or a limited partnership, limited liability
26 partnership, limited liability company, or corporation formed or
27 incorporated in New Jersey.

28 “Responsible individual” means an individual who has
29 managerial authority with respect to a licensee’s digital asset
30 business activity with or on behalf of a resident.

31 “Transmission” means to engage in the business of receiving
32 monetary value for transmission to a location inside or outside of
33 the United States by any means, including, but not limited to, wire,
34 facsimile, or electronic transfer.

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

38

39 3. a. A person shall not engage in a digital asset business
40 activity, or hold itself out as being able to engage in a digital asset
41 business activity, with or on behalf of a resident unless the
42 person is ³ [:

43 (1) ³ licensed in this State by the department, or has filed a
44 pending license with the department ³ [; or

45 (2) licensed in another state to conduct digital asset business
46 activity by a state with which this state has a reciprocity
47 agreement] ³.

1 b. The department may license a person to carry on one or
2 more of the following digital asset business activities:

3 (1) receiving a digital asset for transmission or transmitting a
4 digital asset, except where the transaction is undertaken for non-
5 financial purposes and does not involve the transfer of more than a
6 nominal amount of a digital asset;

7 (2) storing, holding, or maintaining custody of a digital asset on
8 behalf of others, exempting all custodians otherwise regulated as a
9 bank, trust, broker-dealer, or ³**[financial institution]** credit union³
10 in any state or by the United States ³or money transmitter licensed
11 in this State³;

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

13 (4) performing exchange services of digital assets as a customer
14 business;

15 (5) issuing a digital asset; or

16 (6) borrowing or lending of, or facilitating the borrowing or
17 lending of, customer digital assets.

18 c. A person who violates this section shall be liable for a
19 penalty of \$500 per day, from the first day the department issues a
20 notice of failure to apply a license until a license application is filed
21 with the department.

22

23 4. a. An application for a license under this act shall be
24 ²submitted through the Nationwide Multistate Licensing System
25 ³**[and²]**³ made in the form and medium to be prescribed by the
26 department by regulation³, utilizing the Nationwide Multistate
27 Licensing System³. The department shall require each application
28 to be accompanied by a nonrefundable fee.

29 b. An applicant shall provide the following information
30 relevant to the applicant's proposed digital asset business activity:

31 (1) the legal name of the applicant, each current or proposed
32 business address of the applicant, and any fictitious or trade name
33 the applicant uses or plans to use in conducting its digital asset
34 business activity with or on behalf of a resident;

35 (2) the legal name, any former or fictitious name, and the
36 residential and business address of each executive officer and
37 responsible individual of the applicant, and each controlling person
38 of the applicant;

39 (3) a concise description of the current and former business of
40 the applicant for the five years before the application is submitted
41 or if the business has operated for less than five years, for the time
42 the business has operated, including its products and services ³and
43 the digital asset business services that the applicant seeks to provide
44 in this State³;

45 (4) the name, address, and telephone number of a person who
46 manages each server the applicant expects to use in conducting its
47 digital asset business activity with or on behalf of a resident;

- 1 (5) a list of ³all other states in which the applicant is licensed to
2 engage in the digital asset business and³ any license revocation,
3 license suspension, or other disciplinary action taken against the
4 licensee in another state and any license applications rejected by
5 another state;
- 6 (6) a list of any criminal conviction, deferred prosecution
7 agreement, and pending criminal proceeding in any jurisdiction
8 against the applicant, any executive officer, responsible individual,
9 and controlling person of the applicant, and each person over which
10 the applicant has control;
- 11 (7) a list of any litigation, arbitration, or administrative
12 proceeding in any jurisdiction in which the applicant, or an
13 executive officer, responsible individual, or controlling person of
14 the applicant has been a party to for the five years before the
15 application is submitted, determined to be material in accordance
16 with generally accepted accounting principles and, to the extent the
17 applicant would be required to disclose the litigation, arbitration, or
18 administrative proceeding in the applicant's audited financial
19 statements, reports to equity owners, and similar statements or
20 reports;
- 21 (8) a list of any bankruptcy or receivership proceeding in any
22 jurisdiction for the 10 years prior to the application's submission in
23 which the applicant, any executive officer, responsible individual,
24 or controlling person of the applicant, or person over which the
25 applicant has control, was a debtor;
- 26 (9) the United ¹**[State]** States¹ Postal Service address and
27 electronic mail address to which communications from the
28 department may be sent;
- 29 (10) the name, United ¹**[State]** States¹ Postal Service address,
30 and electronic mail address of the registered agent of the applicant
31 in this State, if applicable;
- 32 (11) a copy of any certificate of coverage for each liability,
33 casualty, business-interruption, or cyber-security insurance policy
34 maintained by the applicant for itself or the applicant's users;
- 35 (12) ³a description of the structure or organization of the
36 applicant, including any parent or subsidiary of the applicant, and
37 whether any parent or subsidiary is publicly traded;
- 38 (13)³ if applicable, the date on which and the state in which the
39 applicant is formed, and a copy of a current certificate of good
40 standing issued by that state;
- 41 ³**[(13)]** (14)³ policies and procedures to be adopted by the
42 applicant to meet any obligations required by anti-money
43 laundering and anti-terror financing laws;
- 44 ³**[(14)]** (15) a copy of the applicant's audited financial
45 statements for the most recent fiscal year and, if available, for the
46 two-year period next preceding the submission of the application;

1 (16) a copy of the applicant’s unconsolidated financial
2 statements for the current fiscal year, whether audited or not, and if
3 available, for the two-year period next preceding the submission of
4 the application;

5 (17)³ if a corporation has control of the applicant and the
6 corporation’s equity interests are publicly traded in the United
7 States, a copy of the audited financial statement of the corporation
8 for the most recent fiscal year or most recent report of the
9 corporation filed under section 13 of the “Securities Exchange Act
10 of 1934,” 15 U.S.C. s.78m;

11 ³[(15)] (18)³ if a corporation has control of the applicant and
12 the corporation’s equity interests are publicly traded outside the
13 United States, a copy of the audited financial statement of the
14 corporation for the most recent documentation similar to that
15 required in paragraph ³[(14)] (17)³ of this subsection, filed with the
16 foreign regulator in the domicile of the corporation; ³[and

17 (16)] (19)³ if available, for each executive officer, responsible
18 individual, or controlling person of the applicant, for the three years
19 before the application is submitted, the employment history, and the
20 history of any ³[investigation of] enforcement action against³ the
21 individual or legal proceeding to which the individual was a party³;

22 (20) a sample form of receipt for transactions that involve
23 money received for the digital asset business;

24 (21) disclosure of who maintains control, ownership, or access
25 to any private key related to a digital assets consumer’s account and
26 information where the private key is held and the manner in which
27 the private key is held; and

28 (22) a list of all agents authorized to represent or conduct
29 business on behalf of the digital asset business³.

30 c. ³At the time of application and within 45 days after the end
31 of each calendar quarter, each digital asset business shall file with
32 the department in writing a list of all agents that have been added or
33 terminated by the licensee, if any. The list shall include the name
34 and business address of each location.

35 d. The department may conduct a criminal history records
36 check of the applicant, any controlling persons, executive officers,
37 and responsible individuals of the applicant and require the
38 applicant to submit the fingerprints of those persons as part of the
39 application. The department is authorized to exchange fingerprint
40 data with and receive criminal history record information from the
41 State Bureau of Identification in the Division of State Police and the
42 Federal Bureau of Investigation consistent with applicable State and
43 federal laws, rules, and regulations, for the purposes of facilitating
44 determinations concerning licensure eligibility for the applicant,
45 any controlling persons, executive officers, and responsible
46 individuals of the applicant. The applicant shall bear the cost for the
47 criminal history record background check, including all costs of

1 administering and processing the check. The Division of State
2 Police shall promptly notify the department in the event any person
3 who was the subject of a criminal history record background check
4 pursuant to this section, is arrested for a crime or offense in this
5 State after the date the background check was performed, whether
6 the person is a prospective new licensee, or subsequently, a current
7 license holder.

8 e.³ ¹For good cause, the department may waive any
9 information required pursuant to subsection b. of this section, and
10 may permit an applicant to submit other information instead of the
11 required information. ¹No license shall be issued by the department
12 to an individual who has, within the five years preceding the
13 submission of an application for a license, been convicted of
14 embezzlement, forgery, fraud, or theft.¹

15
16 ³5. a. A person licensed by another state to engage in digital
17 asset business activity in that state may engage in digital asset
18 business activity with or on behalf of a resident to the same extent
19 as a licensee if:

20 (1) the department determines that the state in which the person
21 is licensed has in force laws regulating digital asset business
22 activity that are substantially similar to, or more protective of users
23 than, this act; and

24 (2) the person submits to the department ²through the
25 Nationwide Multistate Licensing System²:

26 (a) a notice containing a statement that the person will rely on
27 reciprocal licensing; a copy of the license to conduct digital asset
28 business activity issued by the other state;

29 (b) a nonrefundable reciprocal license fee, to be determined by
30 the department by regulation;

31 (c) a certification of license history from the agency
32 responsible for issuing the license to conduct digital asset business
33 activity in the other state; and

34 (d) a certification signed by the executive officer of the
35 applicant affirming that the applicant shall conduct its digital asset
36 business activity with or on behalf of a resident in compliance with
37 this act.]³

38
39 ³[6.] 5.³ a. The department shall grant or deny any digital asset
40 business license application ³[or license reciprocity application]³
41 within ³[30] 120³ days of ³[its receipt] completed application³.

42 b. The department may refuse an application for a digital asset
43 business license or license reciprocity application if:

44 (1) the application is incomplete in a material respect;

45 (2) the application includes false, misleading, or inaccurate
46 information; ³[or]³

1 (3) any applicant ³[or principal], controlling person, key
2 individual, or responsible individual³ of an applicant has engaged in
3 dishonest or unethical practices in a digital asset business or in the
4 securities commodities, banking, insurance, or investment advisory
5 business³; or

6 (4) any material aspect of the license application as represented
7 by the application requirements contained in section 4 of this act³.

8 c. A license issued pursuant to this act shall not be
9 transferrable or assignable.

10
11 ³[7.] 6.³ a. A licensee may apply for an annual renewal of a
12 license by:

13 (1) paying a renewal fee in an amount determined by the
14 department pursuant to regulation;

15 (2) submitting to the department ²through the Nationwide
16 Multistate Licensing System² the renewal report required pursuant
17 to subsection b. of this section.

18 b. A license renewal report required pursuant to this section
19 shall be submitted in a form and medium prescribed by the
20 department by regulation. The report shall contain an update of all
21 information required at initial licensing and a description of any:

22 (1) material change in the financial condition of the licensee;

23 (2) material litigation involving the licensee or an executive
24 officer, responsible individual, or controlling person of the licensee;

25 (3) license suspension or revocation proceeding commenced, or
26 other action taken, involving a license to conduct digital asset
27 business activity issued by another state on which reciprocal
28 licensing is based;

29 (4) federal or state ³[investigation] action³ involving the
30 licensee;

31 (5) material change in the business of the licensee; and

32 (6) changes to the executive officers of the licensee.

33 ³[c. The department shall send the licensee a notice that an
34 annual renewal is soon to be due. The notice shall be sent by
35 regular mail and electronic mail between 30 and 60 days before the
36 annual renewal is due. If a renewal is not filed within 15 days of
37 the date that the annual renewal is due, the department shall send a
38 second notice by regular mail and electronic mail notifying that
39 licensee that its license shall be suspended if a renewal is not filed
40 by the 30th day after the annual renewal is due.

41 d.] c.³ If a license is suspended for failure to file an annual
42 renewal, the license shall be reinstated if the licensee files a renewal
43 report and pays a fee, in an amount determined by the
44 ³[commissioner] department³ pursuant to regulation.

45
46 ³[8.] 7.³ a. ³[The department may audit any digital asset
47 business licensee.

- 1 b. ³ The department may suspend or revoke a digital asset
2 business license upon finding that:
- 3 (1) the department has been provided with false, misleading, or
4 inaccurate information by or on behalf of the licensee;
- 5 (2) the clients of a licensee have been provided with false,
6 misleading, or inaccurate information by or on behalf of the
7 licensee;
- 8 (3) any ³[principal] controlling person, responsible individual,
9 key individual³ or agent of a licensee has engaged in dishonest or
10 unethical practice in a digital asset business or in the securities,
11 commodities, banking, insurance, or investment advisory business;
- 12 (4) the licensee fails to provide documents requested by the
13 department; ³[or]³
- 14 (5) the licensee fails to renew its license³; or
- 15 (6) the licensee fails safety and soundness as prescribed by the
16 department³.
- 17 c. The department may provide a warning notice to a licensee
18 if the department suspects that a condition permitting suspension or
19 revocation has occurred.
- 20 d. Any warning notice, suspension, or revocation issued by the
21 department shall state the reasons for which it is given.
- 22 e. The department may issue general guidance to industry
23 participants on how to best protect the interests of clients.
- 24 ³f. (1) Whenever it appears to the department that any person
25 has violated, is violating or is about to violate any of the provisions
26 of this act, or any regulation adopted pursuant to this act, or any
27 licensee or any owner, director, officer, member, partner,
28 shareholder, trustee, employee or agent of a licensee has committed
29 any fraud, engaged in dishonest activities or made any
30 misrepresentation, the department may bring a civil suit in a court
31 of competent jurisdiction to enjoin the violation or potential
32 violation, seek civil penalties pursuant to paragraph (2) of this
33 subsection, or both.
- 34 (2) Any person who violates any provision of this act shall be
35 liable, in a civil action brought by the department in a court of
36 competent jurisdiction, for a penalty of not more than \$10,000 for
37 the first violation, and \$20,000 for the second and each subsequent
38 offense. The penalty shall be paid to the department to be used in
39 accordance with this act and shall be collected pursuant to the
40 “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10
41 et seq.). The court shall also award court costs and reasonable
42 attorneys' fees to the department.
- 43 g. Each licensee shall maintain and enforce confidential,
44 written compliance policies, including policies with respect to anti-
45 fraud, anti-money laundering, cyber security, privacy and
46 information security, which shall be reviewed and approved by the
47 licensee’s board of directors or an equivalent governing body.³

1 ³[9.] 8.³ Any denial, suspension, or revocation of a license, or
2 warning notice issued by the department shall prominently indicate
3 that a right of appeal is available. A licensee or prospective
4 licensee which is aggrieved by a decision of the department may
5 appeal the decision by filing a request for a hearing before the
6 Office of Administrative Law.

7
8 ³[10.] 9.³ a. (1) A licensee shall provide to the department in
9 a reasonable amount of time any document relating to the operations
10 of the licensee upon receiving a written request from the department.

11 (2) Any notice requiring the production of documents pursuant
12 to this section shall include the reasons for which it is given.

13 b. A licensee shall give written notice to the department within
14 five days if there are any changes in the identities of the licensee's
15 executive officers, responsible individuals, or controlling persons.

16 c. A ¹[license] licensee¹ shall maintain a record of all client
17 transactions for a period of not less than ¹[one year] six years¹ from
18 the date the transaction occurred.

19
20 ³[11.] 10.³ a. The terms and conditions of a digital asset
21 business involving a consumer's account shall be disclosed ³as part
22 of establishing a relationship with a customer and prior to entering
23 into an initial transaction with the customer³ at the time the
24 consumer contracts for a digital asset business service. A disclosure
25 shall be full and complete, contain no material misrepresentations,
26 be in readily understandable language and may include, as
27 appropriate and to the extent applicable:

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

31 (2) whether a consumer's account is protected by the Federal
32 Deposit Insurance Corporation;

33 (3) whether there is support for forked networks of each digital
34 asset;

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

37 (5) that investment in digital assets may result in total loss of
38 value;

39 (6) that legal, legislative and regulatory changes may impair the
40 value of digital assets;

41 (7) that consumers should perform research before investing in
42 digital assets;

43 (8) that transfers of digital assets are irrevocable, if applicable;

44 (9) how liability for an unauthorized, mistaken or accidental
45 transfer shall be apportioned;

46 (10) that digital assets are not legal tender in any jurisdiction;

- 1 (11) that digital assets may be subject to cyber theft or theft and
2 become unrecoverable;
- 3 ³[(12) who maintains control, ownership and/or access to any
4 private key related to a digital assets consumer's account;
- 5 (13)] (12)³ that losing private key information may result in
6 permanent total loss of access to digital assets;
- 7 ³[(14)] (13)³ under what circumstances the digital asset
8 business will in the ordinary course of business disclose
9 information concerning the consumer's account to third parties; and
- 10 ³[(15)] (14)³ any other material investment risks.
- 11 b. All disclosures required by this act shall be displayed and
12 individually agreed to by a consumer before any digital asset
13 transaction at an electronic kiosk. Any fee to be charged shall be
14 displayed and individually agreed to by a consumer before any
15 digital asset transaction or digital asset balance inquiry at an
16 electronic kiosk.
- 17 c. A licensee ³[or registrant]³ that has custody of digital assets
18 for one or more persons shall maintain in its custody an amount of
19 each type of digital assets sufficient to satisfy the aggregate
20 entitlements of the persons to the type of digital asset.
- 21 d. ³Each licensee shall establish and maintain written policies
22 and procedures to fairly and timely resolve customer complaints.
- 23 e. Each licensee shall provide, in a clear and conspicuous
24 manner, on its website or websites, and in all physical locations the
25 following disclosures:
- 26 (1) the licensee's mailing address, e-mail address, and telephone
27 number for the receipt of complaints;
- 28 (2) a statement that the complainant may also bring a complaint
29 to the attention of the department; and
- 30 (3) the department's mailing address, website, and telephone
31 number.
- 32 f.³ The department may audit a licensee's compliance with this
33 section.
- 34
- 35 ³11. Authority of department.
- 36 a. The department shall have the authority to conduct
37 investigations and examinations as follows:
- 38 (1) for purposes of initial licensing, license renewal, license
39 suspension, license conditioning, license revocation or termination,
40 or general or specific inquiry or investigation to determine
41 compliance with this act, the department may access, receive and
42 use any books, accounts, records, files, documents, information or
43 evidence including, but not limited to:
- 44 (a) criminal, civil, and administrative history information;
- 45 (b) financial statements and any other records of financial
46 condition of the licensee, any control person of the licensee, and
47 any business entity exerting control over the licensee;

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

5 (d) any other documents,, information or evidence the
6 department deems relevant to the inquiry or investigation regardless
7 of the location, possession, control or custody of the documents,
8 information or evidence; and

9 (2) for the purposes of investigating violations or complaints
10 arising under this act, or for the purposes of examination, the
11 department may review, investigate, or examine any digital asset
12 business licensee or person subject to this act as often as necessary
13 in order to carry out the purposes of this act. The commissioner may
14 direct, subpoena, or order the attendance of and examine under oath
15 all persons whose testimony may be required about digital assets,
16 digital consumer assets, virtual currency, or the business or subject
17 matter of any examination or investigation, and may direct,
18 subpoena or order the person to produce books, accounts, records,
19 files and any other documents the department deems relevant to the
20 inquiry.

21 b. A digital asset business licensee or any person subject to this
22 act shall make or compile reports or prepare other information as
23 directed by the department in order to carry out the purposes of this
24 section including accounting compilations, information lists, and
25 data concerning digital asset, digital consumer asset, or virtual
26 currency transactions in a format prescribed by the commissioner or
27 any other information the department deems necessary to carry out
28 the purposes of this act.

29 c. In making an examination or investigation authorized by this
30 section, the department may control access to any documents and
31 records of the digital asset business or person under examination or
32 investigation. The commissioner may take possession of the
33 documents and records or place a person in exclusive charge of the
34 documents and records in the place where they are usually kept.
35 During the period of control, no person shall remove or attempt to
36 remove any of the documents and records except pursuant to a court
37 order or with the consent of the department. Unless the
38 commissioner has reasonable grounds to believe the documents or
39 records of the digital asset business or person have been, or are at
40 risk of being, altered or destroyed for purposes of concealing a
41 violation of this act, the digital asset business or owner of the
42 documents and records shall have access to the documents or
43 records as necessary to conduct its ordinary business affairs.

44 d. For purposes of conducting the authority of the department,
45 addition of required resources as follows: 4 examiners, 2 licensing
46 investigators and 2 enforcement investigators.³

1 ³12. a. Notwithstanding any other provision of law, all
2 information or reports obtained by the department from an
3 applicant, licensee or agent, whether obtained through reports,
4 applications, examinations, audits, investigations, or otherwise,
5 including, but not limited to, (1) all information contained in or
6 related to examination, investigation, operating or condition reports
7 prepared by, or on behalf of, or for the use of the department; or (2)
8 financial statements, balance sheets, or authorized delegate
9 information, are confidential and may not be disclosed or
10 distributed outside the department by the department or any officer
11 or employee of the department. The department, however, may
12 provide for the release of information to representatives of state or
13 federal agencies and foreign countries having regulatory or
14 supervisory authority over the activities of the licensee or similar
15 licensees if those representatives, upon request of the
16 commissioner, disclose similar information respecting those
17 licensees under their regulation or supervision, or to those
18 representatives who state in writing under oath that they shall
19 maintain the confidentiality of that information.

20 b. The department may:

21 (1) disclose the fact of filing of applications with the department
22 pursuant to this act, give notice of a hearing, if any, regarding those
23 applications, and announce an action thereon;

24 (2) disclose final decisions in connection with proceedings for
25 the suspension or revocation of licenses issued pursuant to this act;

26 (3) prepare and circulate reports reflecting the assets and
27 liabilities of digital asset businesses in general, including other
28 information considered pertinent to the purpose of each report for
29 general statistical information; and

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

31 c. Every official report of the department is prima facie
32 evidence of the facts therein stated in any action or proceeding
33 wherein the department is a party.

34 d. Nothing in this section shall be construed to prevent the
35 disclosure of information that is admissible in evidence in any civil
36 or criminal proceeding brought by or at the request of the
37 department or this State to enforce or prosecute violations of this
38 act or the rules, regulations or orders issued or promulgated
39 pursuant to this act.³

40
41 ³13. Section 2 of P.L.2005, c.199 (C.17:1C-34) is amended to
42 read as follows:

43 2. For the purposes of this act:

44 "Assessment" means the assessment imposed pursuant to section
45 3 of this act for the special functions of the division as provided in
46 that section.

47 "Commissioner" means the Commissioner of Banking and
48 Insurance.

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

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

5 "Division" means the Division of Banking in the Department of
6 Banking and Insurance.

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

14 "Nationwide Multistate Licensing System" means the licensing
15 system owned and operated by the State Regulatory Registry, LLC,
16 a wholly-owned subsidiary of the Conference of State Bank
17 Supervisors, which functions as a system of record for non-
18 depository, financial services licensing or registration in
19 participating state agencies, including the District of Columbia and
20 the United States Territories of Puerto Rico, the US Virgin Islands,
21 and Guam, where it is the official system for companies and
22 individuals seeking to apply for, amend, renew, and surrender
23 license authorities.

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

1 "Regulated entity" means a depository institution, other financial
2 entity or person chartered, licensed or registered by the Division of
3 Banking or who should be chartered, licensed or registered.³
4 (cf: P.L.2019, c.200, s.17)
5

6 ²[12. a. Gross income shall not include up to \$1,000 of gains
7 or income from the sale or exchange of digital assets for other than
8 legal tender, except that following the first taxable year that this
9 section is in effect, the \$1,000 limit shall be increased annually by
10 \$50.

11 b. Gross income shall not include up to \$250 of dividend
12 distributions in the form of digital assets arising from the ownership
13 of digital assets, except that following the first taxable year that this
14 section is in effect, the \$250 limit shall be increased annually by
15 \$20.

16 c. As used in this section "digital asset" shall mean the same as
17 that term is defined pursuant to section 1 of P.L. , c. (C.)
18 (pending before the Legislature as this bill).²
19

20 ²[13.] ³[12.²] 14.³ This act shall take effect on the first day of
21 the ³[fourth] sixth³ month next following enactment, except the
22 commissioner may take any anticipatory administrative action in
23 advance as shall be necessary for the implementation of this act.