

[First Reprint]

ASSEMBLY, No. 2371

STATE OF NEW JERSEY
220th LEGISLATURE

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Sponsored by:

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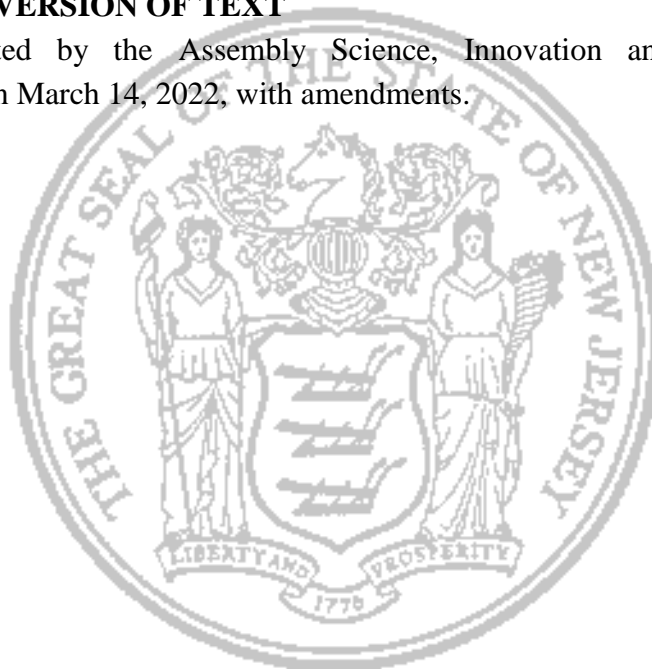
Assemblywoman McKnight

SYNOPSIS

“Digital Asset and Blockchain Technology Act.

CURRENT VERSION OF TEXT

As reported by the Assembly Science, Innovation and Technology Committee on March 14, 2022, with amendments.



(Sponsorship Updated As Of: 3/17/2022)

1 AN ACT concerning digital assets and blockchain technology,
2 ¹ [amending P.L.2005, c.199, and] ¹ supplementing Title 17 of
3 the Revised Statutes and ¹ [chapter 6 of] ¹ Title 54A of the New
4 Jersey Statutes ¹, and amending P.L.2005, c.199¹.

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

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

11
12 2. ¹(New section) As used in P.L. _____, c. (C. _____) (pending
13 before the Legislature as this bill):¹

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

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

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

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

26 “Digital asset” means a representation of economic, proprietary,
27 or access rights that is stored in a machine-readable format, has a
28 transaction history that is recorded in a distributed, digital ledger or
29 digital data structure in which consensus is achieved through a
30 mathematically verifiable process, and includes digital consumer
31 assets and virtual currency. “Digital asset” shall not include
32 securities, whether in digital form or otherwise, as defined pursuant
33 to subsection m. of section 2 of P.L.1967, c.93 (C.49:3-49), or as
34 defined pursuant to paragraph (1) of subsection (a) in the federal
35 “Securities Act of 1933,” 15 U.S.C. s.77b(a)(1), or paragraph (10)
36 of subsection (a) of the federal “Securities Exchange Act of 1934,”
37 15 U.S.C. s.78c(a)(10).

38 “Digital asset business” means a business that engages in the
39 activities listed in subsection b. of section 3 of ¹[this act] P.L. _____,
40 c. (C. _____) (pending before the Legislature as this bill)¹.

41 “Digital consumer asset” means a digital asset that is used or
42 bought primarily for consumptive, personal, or household purposes
43 and includes any other digital asset that does not fall within the
44 term virtual currency.

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 AST committee amendments adopted March 14, 2022.

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

3 “Key individual” means any individual ultimately responsible for
4 establishing or directing policies and procedures of the licensee,
5 such as the licensee’s president, chairperson of the executive
6 committee, senior officer responsible for the business of the
7 licensee in the State, chief financial officer, an executive manager,
8 director, trustee ^{1,1} and any other person who performs similar
9 functions.

10 “Licensee” means a person licensed under ¹ **[this act]** P.L. _____,
11 c. (C. _____) (pending before the Legislature as this bill)¹ or an
12 applicant for licensure under ¹ **[this act]** P.L. _____, c. (C. _____)
13 (pending before the Legislature as this bill)¹.

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 ^{1,1} 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 “Resident” means a person that is: domiciled in New Jersey;
25 physically located in New Jersey for more than 183 days of the
26 previous 365 days; or a limited partnership, limited liability
27 partnership, limited liability company, or corporation formed or
28 incorporated in New Jersey.

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

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

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

39

40 3. ¹ (New section)¹ a. A person shall not engage in a digital
41 asset business activity, or hold itself out as being able to engage in a
42 digital asset business activity, with or on behalf of a resident ^{1,1}
43 unless the person is licensed in this State by the department, or has
44 filed a pending license with the department.

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

- 1 (1) receiving a digital asset for transmission or transmitting a
2 digital asset, except where the transaction is undertaken for non-
3 financial purposes and does not involve the transfer of more than a
4 nominal amount of a digital asset;
- 5 (2) storing, holding, or maintaining custody of a digital asset on
6 behalf of others, exempting all custodians otherwise regulated as a
7 bank, trust, broker-dealer, or credit union in any state or by the
8 United States or money transmitter licensed in this State;
- 9 (3) buying and selling digital assets as a customer business;
- 10 (4) performing exchange services of digital assets as a customer
11 business;
- 12 (5) issuing a digital asset; or
- 13 (6) borrowing or lending of, or facilitating the borrowing or
14 lending of, customer digital assets.
- 15 c. A person who violates this section shall be liable for a
16 penalty of \$500 per day, from the first day the department issues a
17 notice of failure to apply a license until a license application is filed
18 with the department.
- 19
- 20 4. ¹(New section)¹ a. An application for a license under ¹【this
21 act】 P.L. , c. (C.) (pending before the Legislature as this
22 bill)¹ shall be submitted through the Nationwide Multistate
23 Licensing System made in the form and medium to be prescribed by
24 the department by regulation, utilizing the Nationwide Multistate
25 Licensing System. The department shall require each application to
26 be accompanied by a nonrefundable fee.
- 27 b. An applicant shall provide the following information
28 relevant to the applicant’s proposed digital asset business activity:
- 29 (1) the legal name of the applicant, each current or proposed
30 business address of the applicant, and any fictitious or trade name
31 the applicant uses or plans to use in conducting its digital asset
32 business activity with or on behalf of a resident;
- 33 (2) the legal name, any former or fictitious name, and the
34 residential and business address of each ¹【executive officer】 key
35 individual¹ and responsible individual of the applicant, and each
36 controlling person of the applicant;
- 37 (3) a concise description of the current and former business of
38 the applicant for the five years before the application is submitted
39 or if the business has operated for less than five years, for the time
40 the business has operated, including its products and services and
41 the digital asset business services that the applicant seeks to provide
42 in this State;
- 43 (4) the name, address, and telephone number of a person who
44 manages each server the applicant expects to use in conducting its
45 digital asset business activity with or on behalf of a resident;
- 46 (5) a list of all other states in which the applicant is licensed to
47 engage in the digital asset business and any license revocation,

- 1 license suspension, or other disciplinary action taken against the
2 licensee in another state and any license applications rejected by
3 another state;
- 4 (6) a list of any criminal conviction, deferred prosecution
5 agreement, and pending criminal proceeding in any jurisdiction
6 against the applicant, any ¹【executive officer】 key individual¹,
7 responsible individual, and controlling person of the applicant, and
8 each person over which the applicant has control;
- 9 (7) a list of any litigation, arbitration, or administrative
10 proceeding in any jurisdiction in which the applicant, or ¹【an
11 executive officer】 a key individual¹, responsible individual, or
12 controlling person of the applicant has been a party to for the five
13 years before the application is submitted, determined to be material
14 in accordance with generally accepted accounting principles and, to
15 the extent the applicant would be required to disclose the litigation,
16 arbitration, or administrative proceeding in the applicant's audited
17 financial statements, reports to equity owners, and similar
18 statements or reports;
- 19 (8) a list of any bankruptcy or receivership proceeding in any
20 jurisdiction for the 10 years prior to the application's submission in
21 which the applicant, any ¹【executive officer】 key individual¹,
22 responsible individual, or controlling person of the applicant, or
23 person over which the applicant has control, was a debtor;
- 24 (9) the United States Postal Service address and electronic mail
25 address to which communications from the department may be sent;
- 26 (10) the name, United States Postal Service address, and
27 electronic mail address of the registered agent of the applicant in
28 this State, if applicable;
- 29 (11) a copy of any certificate of coverage for each liability,
30 casualty, business-interruption, or cyber-security insurance policy
31 maintained by the applicant for itself or the applicant's users;
- 32 (12) a description of the structure or organization of the
33 applicant, including any parent ¹company¹ or subsidiary of the
34 applicant, and whether any parent ¹company¹ or subsidiary is
35 publicly traded;
- 36 (13) if applicable, the date on which and the state in which the
37 applicant is formed, and a copy of a current certificate of good
38 standing issued by that state;
- 39 (14) policies and procedures to be adopted by the applicant to
40 meet any obligations required by anti-money laundering and anti-
41 terror financing laws;
- 42 (15) a copy of the applicant's audited financial statements for the
43 most recent fiscal year and, if available, for the two-year period
44 next preceding the submission of the application;
- 45 (16) a copy of the applicant's unconsolidated financial
46 statements for the current fiscal year, whether audited or not, and if

1 available, for the two-year period next preceding the submission of
2 the application;

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

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

15 (19) if available, for each ¹**【executive officer】** key individual¹,
16 responsible individual, or controlling person of the applicant, for
17 the three years before the application is submitted, the employment
18 history, and the history of any enforcement action against the
19 individual or legal proceeding to which the individual was a party;

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

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

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

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

33 d. The department may conduct a criminal history records
34 check of the applicant, any controlling persons, ¹**【executive**
35 **officers】** key individuals¹, and responsible individuals of the
36 applicant and require the applicant to submit the fingerprints of
37 those persons as part of the application. The department is
38 authorized to exchange fingerprint data with and receive criminal
39 history record information from the State Bureau of Identification
40 in the Division of State Police and the Federal Bureau of
41 Investigation consistent with applicable State and federal laws,
42 rules, and regulations, for the purposes of facilitating
43 determinations concerning licensure eligibility for the applicant,
44 any controlling persons, ¹**【executive officers】** key individuals¹, and
45 responsible individuals of the applicant. The applicant shall bear the
46 cost for the criminal history record background check, including all
47 costs of administering and processing the check. The Division of
48 State Police shall promptly notify the department in the event any

1 person who was the subject of a criminal history record background
2 check pursuant to this section, is arrested for a crime or offense in
3 this State after the date the background check was performed,
4 whether the person is a prospective new licensee, or subsequently, a
5 current license holder.

6 e. No license shall be issued by the department to an individual
7 who has, within the five years preceding the submission of an
8 application for a license, been convicted of embezzlement, forgery,
9 fraud, or theft.

10

11 5. ¹(New section)¹ a. The department shall grant or deny any
12 digital asset business license application within 120 days of
13 completed application.

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

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

17 (2) the application includes false, misleading, or inaccurate
18 information;

19 (3) any applicant, controlling person, key individual, or
20 responsible individual of an applicant has engaged in dishonest or
21 unethical practices in a digital asset business or in the securities
22 commodities, banking, insurance, or investment advisory business;
23 or

24 (4) any material aspect of the license application as represented
25 by the application requirements contained in section 4 of ¹[this act]
26 P.L. __, c. (C. __) (pending before the Legislature as this bill)¹.

27 c. A license issued pursuant to ¹[this act] P.L. __, c. (C. __)
28 (pending before the Legislature as this bill)¹ shall not be
29 transferrable or assignable.

30

31 6. ¹(New section)¹ a. A licensee may apply for an annual
32 renewal of a license by:

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

35 (2) submitting to the department through the Nationwide
36 Multistate Licensing System the renewal report required pursuant to
37 subsection b. of this section.

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

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

43 (2) material litigation involving the licensee or ¹[an executive
44 officer] a key individual¹, responsible individual, or controlling
45 person of the licensee;

46 (3) license suspension or revocation proceeding commenced, or
47 other action taken, involving a license to conduct digital asset

1 business activity issued by another state on which reciprocal
2 licensing is based;

3 (4) federal or state action involving the licensee;

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

5 (6) changes to the ¹**【executive officers】** key individuals¹ of the
6 licensee.

7 c. If a license is suspended for failure to file an annual renewal,
8 the license shall be reinstated if the licensee files a renewal report
9 and pays a fee, in an amount determined by the department pursuant
10 to regulation.

11

12 7. ¹(New section)¹ a. The department may suspend or revoke
13 a digital asset business license upon finding that:

14 (1) the department has been provided with false, misleading, or
15 inaccurate information by or on behalf of the licensee;

16 (2) the clients of a licensee have been provided with false,
17 misleading, or inaccurate information by or on behalf of the
18 licensee;

19 (3) any controlling person, responsible individual, key
20 individual, or agent of a licensee has engaged in dishonest or
21 unethical practice in a digital asset business or in the securities,
22 commodities, banking, insurance, or investment advisory business;

23 (4) the licensee fails to provide documents requested by the
24 department;

25 (5) the licensee fails to renew its license; or

26 (6) the licensee fails safety and soundness as prescribed by the
27 department.

28 b. The department may provide a warning notice to a licensee
29 if the department suspects that a condition permitting suspension or
30 revocation has occurred.

31 c. Any warning notice, suspension, or revocation issued by the
32 department shall state the reasons for which it is given.

33 d. The department may issue general guidance to industry
34 participants on how to best protect the interests of clients.

35 e. (1) Whenever it appears to the department that any person
36 has violated, is violating or is about to violate any of the provisions
37 of ¹**【this act】** P.L. ____, c. (C. ____) (pending before the Legislature
38 as this bill)¹, or any regulation adopted pursuant to ¹**【this act】**
39 P.L. ____, c. (C. ____) (pending before the Legislature as this bill)¹,
40 or any licensee or any owner, director, officer, member, partner,
41 shareholder, trustee, employee or agent of a licensee has committed
42 any fraud, engaged in dishonest activities or made any
43 misrepresentation, the department may bring a civil suit in a court
44 of competent jurisdiction to enjoin the violation or potential
45 violation, seek civil penalties pursuant to paragraph (2) of this
46 subsection, or both.

1 (2) Any person who violates any provision of ¹**【this act】**
2 P.L. , c. (C.) (pending before the Legislature as this bill)¹
3 shall be liable, in a civil action brought by the department in a court
4 of competent jurisdiction, for a penalty of not more than \$10,000
5 for the first violation, and \$20,000 for the second and each
6 subsequent offense. The penalty shall be paid to the department to
7 be used in accordance with ¹**【this act】** P.L. , c. (C.)
8 (pending before the Legislature as this bill)¹ and shall be collected
9 pursuant to the “Penalty Enforcement Law of 1999,” P.L.1999,
10 c.274 (C.2A:58-10 et seq.). The court shall also award court costs
11 and reasonable attorneys' fees to the department.

12 f. Each licensee shall maintain and enforce confidential,
13 written compliance policies, including policies with respect to anti-
14 fraud, anti-money laundering, cyber security, privacy and
15 information security, which shall be reviewed and approved by the
16 licensee’s board of directors or an equivalent governing body.

17
18 8. ¹(New section)¹ Any denial, suspension, or revocation of a
19 license, or warning notice issued by the department shall
20 prominently indicate that a right of appeal is available. A licensee
21 or prospective licensee which is aggrieved by a decision of the
22 department may appeal the decision by filing a request for a hearing
23 before the Office of Administrative Law.

24
25 9. ¹(New section)¹ a. (1) A licensee shall provide to the
26 department in a reasonable amount of time any document relating to
27 the operations of the licensee upon receiving a written request from
28 the department.

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

31 b. A licensee shall give written notice to the department within
32 five days if there are any changes in the identities of the licensee’s
33 ¹**【executive officers】** key individuals¹, responsible individuals, or
34 controlling persons.

35 c. A licensee shall maintain a record of all client transactions
36 for a period of not less than six years from the date the transaction
37 occurred.

38
39 10. ¹(New section)¹ a. The terms and conditions of a digital
40 asset business involving a consumer’s account shall be disclosed as
41 part of establishing a relationship with a customer and prior to
42 entering into an initial transaction with the customer at the time the
43 consumer contracts for a digital asset business service. A disclosure
44 shall be full and complete, contain no material misrepresentations,
45 be in readily understandable language and may include, as
46 appropriate and to the extent applicable:

- 1 (1) a schedule of fees and charges the licensee may assess, the
 - 2 manner by which fees and charges will be calculated if they are not
 - 3 set in advance and disclosed, and the timing of the fees and charges;
 - 4 (2) whether a consumer's account is protected by the Federal
 - 5 Deposit Insurance Corporation;
 - 6 (3) whether there is support for forked networks of each digital
 - 7 asset;
 - 8 (4) that investment in digital assets is volatile and subject to
 - 9 market loss;
 - 10 (5) that investment in digital assets may result in total loss of
 - 11 value;
 - 12 (6) that legal, legislative and regulatory changes may impair the
 - 13 value of digital assets;
 - 14 (7) that consumers should perform research before investing in
 - 15 digital assets;
 - 16 (8) that transfers of digital assets are irrevocable, if applicable;
 - 17 (9) how liability for an unauthorized, mistaken or accidental
 - 18 transfer shall be apportioned;
 - 19 (10) that digital assets are not legal tender in any jurisdiction;
 - 20 (11) that digital assets may be subject to cyber theft or theft and
 - 21 become unrecoverable;
 - 22 (12) that losing private key information may result in permanent
 - 23 total loss of access to digital assets;
 - 24 (13) under what circumstances the digital asset business will in
 - 25 the ordinary course of business disclose information concerning the
 - 26 consumer's account to third parties; and
 - 27 (14) any other material investment risks.
- 28 b. All disclosures required by ¹**【this act】** P.L. , c. (C.)
- 29 (pending before the Legislature as this bill)¹ shall be displayed and
- 30 individually agreed to by a consumer before any digital asset
- 31 transaction at an electronic kiosk. Any fee to be charged shall be
- 32 displayed and individually agreed to by a consumer before any
- 33 digital asset transaction or digital asset balance inquiry at an
- 34 electronic kiosk.
- 35 c. A licensee that has custody of digital assets for one or more
- 36 persons shall maintain in its custody an amount of each type of
- 37 digital assets sufficient to satisfy the aggregate entitlements of the
- 38 persons to the type of digital asset.
- 39 d. Each licensee shall establish and maintain written policies
- 40 and procedures to fairly and timely resolve customer complaints.
- 41 e. Each licensee shall provide, in a clear and conspicuous
- 42 manner, on its website or websites, and in all physical locations the
- 43 following disclosures:
- 44 (1) the licensee's mailing address, e-mail address, and telephone
 - 45 number for the receipt of complaints;
 - 46 (2) a statement that the complainant may also bring a complaint
 - 47 to the attention of the department; and

1 (3) the department’s mailing address, website, and telephone
2 number.

3 f. The department may audit a licensee’s compliance with this
4 section.

5
6 11. ¹(New section)¹ Authority of department.

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

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

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

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

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

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

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

43 b. A digital asset business licensee or any person subject to
44 ¹[this act] P.L. _____, c. (C. _____) (pending before the Legislature as
45 this bill)¹ shall make or compile reports or prepare other
46 information as directed by the department in order to carry out the
47 purposes of this section including accounting compilations,

1 information lists, and data concerning digital asset, digital consumer
2 asset, or virtual currency transactions in a format prescribed by the
3 commissioner or any other information the department deems
4 necessary to carry out the purposes of ¹【this act】 P.L. _____,
5 c. (C. _____) (pending before the Legislature as this bill)¹.

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

22 ¹【d. For purposes of conducting the authority of the department,
23 addition of required resources as follows: 4 examiners, 2 licensing
24 investigators and 2 enforcement investigators.】¹

25
26 12. ¹(New section)¹ a. Notwithstanding any other provision of
27 law, all information or reports obtained by the department from an
28 applicant, licensee or agent, whether obtained through reports,
29 applications, examinations, audits, investigations, or otherwise,
30 including, but not limited to ¹【,】¹:¹ (1) all information contained in
31 or related to examination, investigation, operating or condition
32 reports prepared by, or on behalf of, or for the use of the
33 department; or (2) financial statements, balance sheets, or
34 authorized delegate information, are confidential and may not be
35 disclosed or distributed outside the department by the department or
36 any officer or employee of the department. The department,
37 however, may provide for the release of information to
38 representatives of state or federal agencies and foreign countries
39 having regulatory or supervisory authority over the activities of the
40 licensee or similar licensees if those representatives, upon request
41 of the commissioner, disclose similar information respecting those
42 licensees under their regulation or supervision, or to those
43 representatives who state in writing under oath that they shall
44 maintain the confidentiality of that information.

45 b. The department may:

46 (1) disclose the fact of filing of applications with the department
47 pursuant to ¹【this act】 P.L. _____, c. (C. _____) (pending before the

1 Legislature as this bill¹, give notice of a hearing, if any, regarding
2 those applications, and announce an action thereon;

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

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

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

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

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

23
24 13. Section 2 of P.L.2005, c.199 (C.17:1C-34) is amended to
25 read as follows:

26 2. For the purposes of this act:

27 "Assessment" means the assessment imposed pursuant to section
28 3 of this act for the special functions of the division as provided in
29 that section.

30 "Commissioner" means the Commissioner of Banking and
31 Insurance.

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

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

36 "Division" means the Division of Banking in the Department of
37 Banking and Insurance.

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

45 "Nationwide Multistate Licensing System" means the licensing
46 system owned and operated by the State Regulatory Registry, LLC,
47 a wholly-owned subsidiary of the Conference of State Bank

1 Supervisors, which functions as a system of record for non-
2 depository, financial services licensing or registration in
3 participating state agencies, including the District of Columbia and
4 the United States Territories of Puerto Rico, the US Virgin Islands,
5 and Guam, where it is the official system for companies and
6 individuals seeking to apply for, amend, renew, and surrender
7 license authorities.

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

32 "Regulated entity" means a depository institution, other financial
33 entity or person chartered, licensed or registered by the Division of
34 Banking or who should be chartered, licensed or registered.
35 (cf: P.L.2019, c.200, s.17)

36
37 14. This act shall take effect on the first day of the sixth month
38 next following enactment, except the commissioner may take any
39 anticipatory administrative action in advance as shall be necessary
40 for the implementation of this act.