

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 609**

FINAL READING

Introduced by Bostar, 29.

Read first time January 22, 2025

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to financial transactions; to amend section
- 2 29-817, Reissue Revised Statutes of Nebraska; to adopt the
- 3 Controllable Electronic Record Fraud Prevention Act; to require
- 4 notice of potential fraud for purchasers of gift certificates and
- 5 gift cards; to change provisions relating to search warrants; to
- 6 provide severability; and to repeal the original section.
- 7 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Sections 1 to 11 of this act shall be known and may be  
2 cited as the Controllable Electronic Record Fraud Prevention Act.

3           **Sec. 2.** For purposes of the Controllable Electronic Record Fraud  
4 Prevention Act:

5           (1) Blockchain analytics means the analysis of data from blockchains  
6 or public distributed ledgers, including associated transaction  
7 information;

8           (2) Blockchain analytics software means a software service that uses  
9 blockchain analytics data to provide risk-specific information about  
10 controllable electronic record addresses, among other things;

11           (3) Controllable electronic record has the same meaning as in  
12 section 8-3003;

13           (4) Controllable electronic record address means an alphanumeric  
14 identifier associated with a controllable electronic record wallet  
15 identifying the location to which a controllable electronic record  
16 transaction can be sent;

17           (5) Controllable electronic record kiosk means an electronic  
18 terminal acting as a mechanical agent of the controllable electronic  
19 record kiosk operator to enable the controllable electronic record kiosk  
20 operator to facilitate the exchange of controllable electronic records  
21 for money, bank credit, or other controllable electronic records,  
22 including, but not limited to, by (a) connecting directly to a separate  
23 controllable electronic record exchange that performs the actual  
24 controllable electronic record transmission or (b) drawing upon the  
25 controllable electronic record in the possession of the electronic  
26 terminal's operator;

27           (6) Controllable electronic record kiosk operator means a person, or  
28 a third party acting on behalf of another person, that engages in  
29 controllable electronic record business activity via a controllable  
30 electronic record kiosk located in this state or a person that owns,  
31 operates, or manages a money transmission kiosk located in this state

1 through which controllable electronic record business activity is  
2 offered;

3 (7) Controllable electronic record kiosk transaction means a  
4 transaction conducted or performed, in whole or in part, by electronic  
5 means via a controllable electronic record kiosk. Controllable electronic  
6 record kiosk transaction includes a transaction made at a controllable  
7 electronic record kiosk to purchase controllable electronic records with  
8 United States dollars or to sell controllable electronic records for  
9 United States dollars; and

10 (8) Controllable electronic record wallet means a software  
11 application or other mechanism providing a means to hold the keys  
12 necessary to access and transfer controllable electronic records;

13 (9) Customer means new customers and existing customers;

14 (10) Department means the Department of Banking and Finance;

15 (11) Existing customer means an individual whose first controllable  
16 electronic record kiosk transaction with the controllable electronic  
17 record kiosk operator was more than fourteen days prior;

18 (12) New customer means an individual during the fourteen-day period  
19 after such individual's first transaction with the controllable  
20 electronic record kiosk operator that the individual has never previously  
21 transacted with. The individual shall remain defined as a new customer  
22 during the fourteen-day period after the first controllable electronic  
23 record kiosk transaction with the controllable electronic record kiosk  
24 operator; and

25 (13) Transaction hash means a unique identifier made up of a string  
26 of characters that acts as a record of and provides proof that the  
27 transaction was verified and added to the blockchain.

28 **Sec. 3.** (1) A controllable electronic record kiosk operator shall  
29 not engage in controllable electronic record kiosk transactions or hold  
30 itself out as being able to engage in such transactions with or on behalf  
31 of another person unless the kiosk operator has a license issued under

1 the Nebraska Money Transmitters Act pursuant to section 8-2725.

2 (2) A controllable electronic record kiosk operator shall report  
3 each controllable electronic record kiosk as an authorized delegate under  
4 the Nebraska Money Transmitters Act pursuant to section 8-2730.

5 (3) In addition to the required reporting of authorized delegates  
6 pursuant to section 8-2730, each controllable electronic record kiosk  
7 operator shall submit to the department within forty-five days after the  
8 end of each calendar quarter a list of all associated controllable  
9 electronic record addresses utilized by each controllable electronic  
10 record kiosk, on a form as prescribed by the department.

11 **Sec. 4.** (1) A controllable electronic record kiosk operator shall  
12 disclose to a customer in a clear, conspicuous, and easily readable  
13 manner in the chosen language of the customer, all relevant terms and  
14 conditions generally associated with the products, services, and  
15 activities of the operator and controllable electronic record.

16 (2) The controllable electronic record kiosk operator shall require  
17 acknowledgment of receipt of all disclosures required by this section via  
18 confirmation of consent by the customer.

19 (3) The disclosures shall include a statement, written prominently  
20 and in bold type and provided separately from the other disclosures,  
21 warning customers about the potential for criminals to exploit  
22 controllable electronic record kiosks to commit illicit activity. The  
23 controllable electronic record kiosk operator may tailor the warning  
24 language to highlight evolving tactics and techniques. The warning  
25 language shall be similar to the following form:

26 WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER  
27 WHO IS INITIATING A DISHONEST SCHEME. I UNDERSTAND THAT CRIMINAL ACTIVITY  
28 MAY APPEAR IN MANY FORMS, INCLUDING, BUT NOT LIMITED TO:

29 (1) Claims of a frozen bank account or credit card;

30 (2) Fraudulent bank transactions;

31 (3) Claims of identity theft or job offerings in exchange for

1 payments;

2 (4) Requests for payments to government agencies or companies;

3 (5) Requests for disaster relief donations or loans;

4 (6) Offers to purchase tickets for lotteries, sweepstakes, or

5 drawings for vehicles;

6 (7) Prompts to click on desktop pop-ups, such as virus warnings or

7 communication from alleged familiar merchants; and

8 (8) Communication from someone impersonating a representative of

9 your bank or a law enforcement officer.

10 IF YOU BELIEVE YOU ARE BEING SCAMMED, CALL YOUR LOCAL LAW

11 ENFORCEMENT AGENCY.

12 WARNING: TRANSACTIONS CONDUCTED ON THIS CONTROLLABLE ELECTRONIC

13 RECORD KIOSK ARE IRREVERSIBLE. PROTECT YOURSELF FROM FRAUD. NEVER SEND

14 MONEY TO SOMEONE YOU DON'T KNOW.

15 (4) The disclosure shall also include:

16 (a) The material risks associated with controllable electronic  
17 records and controllable electronic record transactions, including:

18 (i) The operator's liability for unauthorized controllable  
19 electronic record transactions;

20 (ii) The customer's liability for unauthorized currency  
21 transactions;

22 (iii) A warning that controllable electronic records are not legal  
23 tender, are not backed or issued by the United States Government, and are  
24 not subject to protections by the Federal Deposit Insurance Corporation,  
25 National Credit Union Administration, or Securities Investor Protection  
26 Corporation;

27 (iv) A warning that there may be delays in the processing and  
28 confirmation of controllable electronic record transactions;

29 (v) A warning that the value of controllable electronic records is  
30 derived from supply and demand in the global marketplace which can rise  
31 or fall independently of any fiat currency. Holding controllable

1 electronic records carries exchange rate and other types of risk;

2 (vi) A warning that a person who accepts a controllable electronic  
3 record as payment today is not required to accept and might not accept  
4 controllable electronic records in the future;

5 (vii) A warning that the volatility and unpredictability of the  
6 price of controllable electronic records relative to fiat currency may  
7 result in a significant loss over a short period; and

8 (viii) A warning that any bond or trust maintained by the  
9 controllable electronic record kiosk operator for the benefit of a  
10 customer may not cover all losses;

11 (b) The amount of the customer's controllable electronic record  
12 kiosk transaction denominated in United States dollars as well as the  
13 applicable controllable electronic records;

14 (c) Any fees or expenses charged by the controllable electronic  
15 record kiosk operator;

16 (d) Any applicable exchange rates;

17 (e) The controllable electronic record transaction daily limit of  
18 two thousand dollars for new customers;

19 (f) The controllable electronic record transaction daily limit of  
20 ten thousand five hundred dollars for existing customers;

21 (g) The name, address, and telephone number of the operator of the  
22 controllable electronic record kiosk, the days, time, and means by which  
23 a customer can contact the operator for customer assistance, and any  
24 relevant state or local law enforcement agency or government agency for  
25 reporting fraud, all of which shall be displayed on or at the location of  
26 the controllable electronic record kiosk, or on the first screen of such  
27 kiosk; and

28 (h) Any other disclosures that are customarily given in connection  
29 with a controllable electronic record kiosk transaction.

30 (5) Upon the completion of a controllable electronic record kiosk  
31 transaction, the controllable electronic record kiosk operator shall

1 provide the customer with a receipt in the language chosen by such  
2 customer. The receipt shall be physical where possible. If necessary, the  
3 controllable electronic record kiosk operator may provide the receipt in  
4 multiple communications. The receipt shall contain the following  
5 information:

6 (a) The operator's name and contact information, including a  
7 telephone number to answer questions and register complaints;

8 (b) Relevant state law enforcement agencies and government agencies  
9 for reporting fraud;

10 (c) The type, value, date, and precise time of the transaction, the  
11 transaction hash, and each applicable controllable electronic record  
12 address;

13 (d) The name and contact information of the sender of the  
14 controllable electronic record transaction;

15 (e) The name and contact information of the designated recipient of  
16 the controllable electronic record transaction;

17 (f) All fees charged;

18 (g) The exchange rate of the controllable electronic record to  
19 United States dollars;

20 (h) The operator's liability for nondelivery or delayed delivery;

21 (i) The operator's refund policy; and

22 (j) Any additional information the department may require.

23 **Sec. 5. (1)** All controllable electronic record kiosk operators  
24 shall use blockchain analytics software to assist in the prevention of  
25 sending purchased controllable electronic records from an operator to a  
26 controllable electronic record wallet known to be affiliated with  
27 fraudulent activity at the time of a transaction. The department may  
28 request evidence from any controllable electronic record kiosk operator  
29 of current use of blockchain analytics.

30 (2) All controllable electronic record kiosk operators shall take  
31 reasonable steps to detect and prevent fraud, including establishing and

1 maintaining a written antifraud policy. The antifraud policy shall, at a  
2 minimum, include:

- 3 (a) The identification and assessment of fraud-related risk areas;
- 4 (b) Procedures and controls to protect against identified risks;
- 5 (c) Allocation of responsibility for monitoring risks; and
- 6 (d) Procedures for the periodic evaluation and revision of the  
7 antifraud procedures, controls, and monitoring mechanisms.

8 **Sec. 6.** (1) Each controllable electronic record kiosk operator  
9 shall designate and employ a compliance officer on a full-time basis.

10 (2) The compliance officer shall be qualified to coordinate and  
11 monitor compliance with the Controllable Electronic Record Fraud  
12 Prevention Act and all other applicable federal and state laws, rules,  
13 and regulations.

14 (3) The compliance officer shall not own more than twenty percent of  
15 the controllable electronic record kiosk operator.

16 (4) All compliance responsibilities required under federal and state  
17 laws, rules, and regulations shall be completed by full-time employees of  
18 the controllable electronic record kiosk operator or by approved outside  
19 vendors with compliance expertise supervised by full-time employees of  
20 such operator.

21 **Sec. 7.** (1) If a new customer has been fraudulently induced to  
22 engage in a controllable electronic record kiosk transaction and contacts  
23 the controllable electronic record kiosk operator and a law enforcement  
24 agency or government agency to inform the operator and agency of the  
25 fraudulent nature of the transaction within thirty days after the  
26 transaction, then, upon request of the customer, the operator shall issue  
27 a full refund for the fraudulently induced controllable electronic record  
28 transaction, including fees charged in association with the transaction.

29 (2) If an existing customer has been fraudulently induced to engage  
30 in a controllable electronic record kiosk transaction and contacts the  
31 controllable electronic record kiosk operator and a law enforcement



1 agency or government agency to inform the operator and agency of the  
2 fraudulent nature of the transaction within thirty days after the  
3 transaction, then, upon request of the customer, the operator shall issue  
4 a full refund for the fees charged in association with the transaction.

5 **Sec. 8.** A controllable electronic record kiosk operator shall not  
6 accept transactions in a day in connection with controllable electronic  
7 record kiosk transactions for a single customer in this state via one or  
8 more controllable electronic record kiosks exceeding:

9 (1) For new customers, two thousand United States dollars or the  
10 equivalent in controllable electronic records; or

11 (2) For existing customers, ten thousand five hundred dollars or the  
12 equivalent in controllable electronic records.

13 **Sec. 9.** The aggregate fees and charges, directly or indirectly,  
14 charged to a customer related to a single transaction or series of  
15 related transactions involving controllable electronic records effected  
16 through a controllable electronic record kiosk in this state, including  
17 any difference between the price charged to a customer to buy, sell,  
18 exchange, swap, or convert controllable electronic records and the  
19 prevailing market value of such controllable electronic records at the  
20 time of such transaction, shall not exceed eighteen percent of the value  
21 of the United States dollars involved in the transaction or transactions.

22 **Sec. 10.** All controllable electronic record kiosk operators  
23 performing business in the state shall, at a minimum, provide live  
24 customer service on Monday through Friday between the hours of 7:00 a.m.  
25 and 9:00 p.m. via a toll-free telephone number. The telephone number  
26 shall be displayed on the controllable electronic record kiosk or the  
27 kiosk screens.

28 **Sec. 11.** All controllable electronic record kiosk operators  
29 performing business in the state shall, at a minimum, have a dedicated  
30 method of contact for law enforcement to contact the controllable  
31 electronic record kiosk operator. This method of communications shall be

1 monitored at least daily. The contact method shall be displayed and  
2 available on the controllable electronic record kiosk operator's website  
3 and shall be updated as necessary.

4 **Sec. 12.** (1) For purposes of this section, gift certificate or gift  
5 card means a certificate, electronic card, or other prefunded record that  
6 (a) is usable at a single merchant or an affiliated group of merchants  
7 that share the same name, mark, or logo, or is usable at multiple  
8 unaffiliated merchants or service providers, (b) is issued in a specified  
9 amount, (c) may or may not be increased in value or reloaded, (d) is  
10 purchased or loaded on a prepaid basis for the future purchase or  
11 delivery of any goods or services, and (e) is honored upon presentation.

12 (2) Except as provided in subsection (7) of this section, if any  
13 person, firm, partnership, association, limited liability company,  
14 corporation, or other business entity sells one or more gift certificates  
15 or gift cards to a purchaser, the seller shall provide notice about the  
16 potential fraud to the purchaser.

17 (3) The Consumer Protection Division of the Office of the Attorney  
18 General shall release model notice language. Entities listed in  
19 subsection (2) of this section may use the model notice or a notice  
20 substantially in the same form to comply with such subsection.

21 (4) The notice required pursuant to subsection (2) of this section  
22 shall be provided conspicuously where gift certificates or gift cards are  
23 displayed or sold or at point of sale on an electronic payment system  
24 screen or in printed form.

25 (5) If the Attorney General has cause to believe this section has  
26 been violated, the Attorney General may provide a written citation to the  
27 violator. Any person, firm, partnership, association, limited liability  
28 company, corporation, or other business entity that receives more than  
29 one citation may be subject to a civil penalty of up to two hundred fifty  
30 dollars. The first written citation shall be considered a warning.

31 (6) Subsection (2) of this section does not apply to a person, firm,

1 partnership, association, limited liability company, corporation, or  
2 other business entity which sells only gift cards redeemable for goods or  
3 services exclusively by the same person, firm, partnership, association,  
4 limited liability company, corporation, or other business entity.

5 (7) This section does not apply to a general-use, prepaid card  
6 issued by a financial institution as defined in section 8-101.03 in a  
7 predetermined amount, whether or not that amount can be increased or  
8 reloaded, which is usable at multiple unaffiliated sellers of goods or  
9 services, automatic teller machines, or both.

10 **Sec. 13.** Section 29-817, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 29-817 Sections 29-812 to 29-821 do not modify any act inconsistent  
13 with it relating to search warrants, their issuance, and the execution of  
14 search warrants and acts relating to disposition of seized property in  
15 circumstances for which special provision is made. The term property is  
16 used in sections 29-812 to 29-821 to include documents, books, papers,  
17 ~~and~~ any other tangible objects, and controllable electronic records as  
18 defined in section 8-3003. Nothing in sections 29-812 to 29-821 shall be  
19 construed as restricting or in any way affecting the constitutional right  
20 of any officer to make reasonable searches and seizures as an incident to  
21 a lawful arrest nor to restrict or in any way affect reasonable searches  
22 and seizures authorized or consented to by the person being searched or  
23 in charge of the premises being searched, or in any other manner or way  
24 authorized or permitted to be made under the Constitution of the United  
25 States and the Constitution of the State of Nebraska.

26 All search warrants shall be issued with all practicable secrecy and  
27 the complaint, affidavit, or testimony upon which it is based shall not  
28 be filed with the clerk of the court or made public in any way until the  
29 warrant is executed. Whoever discloses, prior to its execution, that a  
30 warrant has been applied for or issued, except so far as may be necessary  
31 to its execution, shall be guilty of a Class III misdemeanor, or he or

1 she may be punished as for a criminal contempt of court.

2       **Sec. 14.** If any section in this act or any part of any section is  
3 declared invalid or unconstitutional, the declaration shall not affect  
4 the validity or constitutionality of the remaining portions.

5       **Sec. 15.** Original section 29-817, Reissue Revised Statutes of  
6 Nebraska, is repealed.