

## NOTICE OF INTENT

### Office of the Governor Office of Financial Institutions

#### Virtual Currency Business Activity (LAC 10:I.1901-1937)

The Office of Financial Institutions (OFI) proposes to enact LAC 10:I.1901-1937 relative to licensure, registration, and regulation of those persons engaging, or planning to engage, in virtual currency business activity in the State of Louisiana pursuant to the Virtual Currency Businesses Act, (“VCBA”), R.S. 6:1381, et. seq., as enacted by Act 341 of the 2020 Regular Session of the Louisiana Legislature. This proposed Rule is promulgated in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and is intended to provide clear and concise guidance that will allow for the implementation and enforcement of the provisions of the VCBA as required under LSA – R.S. 6:1394.

The proposed Rule will enable OFI to achieve its regulatory goals and objectives regarding proper supervision and oversight of such persons included within the scope of the VCBA in a manner that is not overly complex, costly, or burdensome. In doing so, OFI hopes to create new efficiencies and improve the overall effectiveness of its supervisory program over such persons included within the scope of the VCBA. OFI also proposes to implement the necessary fee structure in order to cover the cost of regulating and supervising such persons included within the scope of the VCBA. Such fees are necessary in order for the OFI to effectively discharge its duties and responsibilities over these regulated persons and ensure compliance with the VCBA, and allow for the licensure and registration of those persons in accordance with the provisions of the VCBA.

#### Title 10

### FINANCIAL INSTITUTIONS, CONSUMER CREDIT, INVESTMENT SECURITIES AND UCC

#### Part XV. Other Regulated Entities

#### Chapter 19. Virtual Currency

##### §1901. Definitions

In addition to the definitions provided in Section 1382 of the Virtual Currency Businesses Act, (“VCBA”), R.S. 6:1381 et. seq., as enacted by Act 341 of the 2020 Regular Session of the Louisiana Legislature, the following definitions are applicable to this Chapter:

1. *Acting in Concert*—persons knowingly acting together with a common goal of jointly acquiring control of a licensee whether or not pursuant to an express agreement.
2. *Commissioner*—the commissioner of the office of financial institutions.
3. *Control*—means and also includes, but is not limited to the following:
  - a. any and all circumstances inherent within the scope of section 1382(2) of the VCBA;
  - b. ~~the power to vote, directly or indirectly, vote at least 25 percent of outstanding voting shares or voting interests of any licensee or person in control of a licensee, including persons acting in concert in such instances;~~
    - i. applicant, licensee or registrant; or
    - ii. applicant’s, licensee’s or registrant’s responsible individual or responsible individuals, including persons acting in concert;
  - c. ~~the power to directly or indirectly elect, or appoint or remove any applicant’s, licensee’s or registrant’s responsible individual or a majority of key-responsible individuals of a licensee, including persons acting in concert;~~
  - d. ~~the power to exercise directly or indirectly, participate in a licensee’s or registrant’s day-to-day decisions or operations, including persons acting in concert controlling influence over the management or policies of a licensee or person in control of a licensee; and~~
  - e. any other set of facts ~~and or circumstances, as determined by the commissioner in his discretion,~~ that may constitute control.
4. *Nationwide Multistate Licensing System and Registry (NMLS)*—the multistate system developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in financial services industries.
5. *Net Worth*—The difference between total business assets and total business liabilities, after deducting estimated income taxes on the differences between the estimated current values of business assets and the current amounts of business liabilities and their tax bases.
6. *Tangible Net Worth*—includes all business assets minus liabilities minus intangible assets (goodwill and other intangible assets, such as favorable leasehold rights, trademarks, trade names, internet domain names, and non-compete agreements.)
7. *Unfair or Deceptive Act or Practice*—failure to provide any disclosure or disclosures ~~required by Subsection 1931(C) of this rule~~ shall be an unfair or deceptive act or practice for purposes of taking enforcement action against a licensee, registrant, or person that is neither a licensee nor registrant but is engaging in virtual currency business activity or activities, pursuant to R.S. 6:1393(3)(b).
8. *Unsafe or Unsound Act or Practice*—~~means and includes, but is not limited to, a practice or conduct by a person licensed or registered to engage in virtual currency business activity or activities in Louisiana which creates the likelihood of material loss, insolvency, dissipation of the licensee’s or registrant’s assets, materially prejudices the interests of its customers, and any other set~~

~~of facts and circumstances, as determined by the commissioner in his discretion, that may constitute an unsafe or unsound act or practice inability or any applicant, licensee or registrant to meet its withdrawal requests; violation of the applicant's, licensee's or registrant's articles of incorporation; or violation of any law or any regulation governing the applicant, licensee or registrant.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1382, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1391, R.S. 6:1392, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

### ~~§1903. Implementation~~

~~In order to carry out the purposes of the VCBA, the commissioner may:~~

~~1. Enter into agreements or relationships with other government officials or federal and state regulatory agencies and regulatory associations in order to improve efficiencies and reduce regulatory burden by standardizing methods or procedures, and sharing records or related information obtained under the VCBA;~~

~~2. Use, hire, contract, or employ analytical systems, methods, or software in examinations or investigations pursuant to the VCBA;~~

~~3. Consider, accept, and rely upon licensing, examination, or investigative reports prepared by other government agencies or officials, within or outside the State of Louisiana;~~

~~4. Consider, accept, and rely upon audit reports prepared by an independent certified public accountant or other qualified third-party auditor for any person subject to the VCBA and incorporate all, or part of such audit reports, in the department's report of examination or investigation.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1383, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1391, R.S. 6:1392, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

### ~~§1905. Application for License or Notice of Registration—Transitional Period~~

~~A. A person already engaged in virtual currency business activity or activities in Louisiana must either apply for a license in accordance with Section 1385 of the VCBA or file a notice of registration in accordance with Section 1389 of the VCBA and submit a completed application within 90 days of the effective date of this rule. In doing so, such applicant shall be deemed to be in compliance with the licensure requirements of Section 1385 of the VCBA or the registration requirements of Section 1389 of the VCBA until the applicant has been notified by the commissioner that its application has been denied, in which case it shall immediately cease operating in Louisiana and doing business with residents of Louisiana. Any person engaged in virtual currency business activity that fails to submit a completed application for a license or notice of registration within 90 days of the effective date of this regulation shall be deemed to be conducting unlicensed or unregistered virtual currency business activity or activities and shall be subject to any and all civil and criminal penalties provided by applicable laws and regulations, including but not limited to, the provisions of the VCBA. The department shall begin accepting initial applications for licensure and notices of registration through the NMLS on January 1, 2023.~~

~~B. For purposes of applications for a license or notice of registration submitted pursuant to this Section, no applicant shall be required to submit an application for renewal of any license or notice of registration before November 1, 2023. Completed applications for licensure and notices of registration submitted on or before April 1, 2023 will be approved, conditionally approved or denied on or before June 30 2023.~~

~~C. This rule shall become effective on July 1, 2023.~~

~~D. Applications for licensure and notices of registration pursuant to this Section shall not be complete until the department:~~

~~1. Receives all information required by applicable provisions of the VCBA; and~~

~~2. Completes its investigation pursuant to La. R.S. 6:1385D.~~

~~E. By force of law, no applicant shall have a right of appeal, as provided by La. R.S. 6:1387, before the 30th day after the effective date of this rule.~~

~~F. After July 1, 2023, initial and renewal applications shall be submitted in accordance with the VCBA and this rule.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1383, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

### ~~§19075. Approval of Control Person Reserved~~

~~A. In applying for a license issued in accordance with the VCBA to engage in virtual currency business in Louisiana, the applicant or licensee shall provide the following information to the commissioner through the NMLS:~~

~~1. The legal name, any former or fictitious name, and the residential and business United States Postal Service address of the applicant's or licensee's proposed executive officers, responsible individuals, and the proposed person or persons who will be in control of the applicant or licensee;~~

~~2. A list of any criminal conviction, deferred prosecution agreement, or pending criminal proceeding in any jurisdiction against the applicant's or licensee's proposed executive officers, responsible individuals, and proposed person or persons who will be in control of the applicant or licensee;~~

3.— A list of any bankruptcy or receivership proceeding in any jurisdiction for the ten years before the application is submitted in which the applicant's or licensee's proposed executive officers, responsible individuals, and proposed person or persons who will be in control of the applicant or licensee was a debtor;

4.— A list of any litigation, arbitration, or administrative proceeding in any jurisdiction in which the applicant or licensee, or an executive officer or a responsible individual of the applicant or licensee, or proposed person or persons who will be in control, has been a party for the five years before the application is submitted, determined to be material in accordance with generally accepted accounting principles and to the extent the applicant would be required to disclose the litigation, arbitration, or administrative proceeding in the applicant's or licensee's audited financial statements, reports to equity owners, and similar statements or reports;

5.— If a person has control of the applicant or licensee and the person's equity interests are publicly traded in the United States, a copy of the audited financial statement of the person for the most recent fiscal year or most recent report of the person filed pursuant to 15 U.S.C. 78;

6.— If a person has control of the applicant or licensee and the person's equity interests are publicly traded outside the United States, a copy of the audited financial statement of the person for the most recent fiscal year of the person or a copy of the most recent documentation similar to that required in Subsection A (5) of this Section filed with the foreign regulator in the domicile of the person;

7.— A set of fingerprints for each executive officer and responsible individual of the applicant or licensee, or proposed person or persons who will be in control, for submission to the federal bureau of investigation and the commissioner for purposes of a national and state criminal background check;

8.— A copy of the certificate, or a detailed summary acceptable to the department, of coverage for each liability, casualty, business-interruption, or cyber security insurance policy maintained by the applicant or licensee for itself, an executive officer, a responsible individual, or the applicant's or licensee's users;

9.— If available, for each executive officer and responsible individual of the applicant or licensee, for the five years before any application is submitted, the employment history of the individual; and

10.— If available, for each executive officer and responsible individual of the applicant or licensee or proposed person or persons who will be in control, for the five years before any application is submitted, a history of any investigation of the individual or person, or legal proceeding to which the individual or person was a party.

B. For purposes of this Section, "control", "executive officer", and "responsible individual" shall be defined by R.S. 6:1382 and Section 1901 of this Rule.

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

### **§19097. Approval of Change of Control**

A. Not less than sixty calendar days before any proposed change of control of an existing license issued in accordance with the VCBA, the licensee shall provide the following information to the commissioner through the NMLS:

1.— Written notice of any proposed change or changes of control of the licensee;

2.— The legal name, any former or fictitious name, and the residential and business United States Postal Service address of any proposed executive officers, responsible individuals, and the proposed person or persons who will be in control of the licensee;

3.— A list of any criminal conviction, deferred prosecution agreement, or pending criminal proceeding in any jurisdiction against the licensee's proposed executive officers, responsible individuals, and proposed person or persons who will be in control of the licensee;

4.— A list of any bankruptcy or receivership proceeding in any jurisdiction for the ten years before the application is submitted in which the licensee's proposed executive officers, responsible individuals, and proposed person or persons who will be in control of the licensee was a debtor;

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

6.— If a person has control of the licensee and the person's equity interests are publicly traded in the United States, a copy of the audited financial statement of the person for the most recent fiscal year or most recent report of the person filed pursuant to 15 U.S.C. 78;

7.— If a person has control of the licensee and the person's equity interests are publicly traded outside the United States, a copy of the audited financial statement of the person for the most recent fiscal year of the person or a copy of the most recent documentation similar to that required in Subsection A (6) of this Section filed with the foreign regulator in the domicile of the person;

8.— A set of fingerprints for each executive officer and responsible individual of the licensee, or proposed person or persons who will be in control, for submission to the federal bureau of investigation and the commissioner for purposes of a national and state criminal background check;

9. ~~A copy of the certificate, or a detailed summary acceptable to the department, of coverage for each liability, casualty, business interruption, or cyber security insurance policy maintained by the licensee for itself, an executive officer, a responsible individual, or the licensee's users;~~

10. ~~If available, for each executive officer and responsible individual of the applicant or licensee, for the five years before any application is submitted, the employment history of the individual; and~~

11. ~~If available, for each executive officer and responsible individual of the applicant or licensee or proposed person or persons who will be in control, for the five years before any application is submitted, a history of any investigation of the individual or person, or legal proceeding to which the individual or person was a party.~~

B. ~~Not less than thirty calendar days prior to the date on which any proposed change or changes of control persons will take place, the licensee shall provide written notice of the proposed change or changes to the commissioner.~~

C. ~~For purposes of this Section, "control", "executive officer", and "responsible individual" shall be defined by R.S. 6:1382 and Section 1901 of this Rule.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

#### ~~§1911. Reserved.~~

#### **§1913. Renewal of License or Notice of Registration**

A. Any application for renewal of a license or notice of registration issued pursuant to provisions of the VCBA shall be submitted through the NMLS and satisfy all renewal requirements of the VCBA, including but not limited to those required by R.S. 6:1388.

B. ~~Beginning November 1, 2023, all the period for submitting applications for renewal for of all licenses and notices of registration to engage in virtual currency business activities shall begin submitting an application or notice of registration for renewal on the first day of November of each calendar year.~~

C. ~~If a A renewal application is submitted timely on or before the thirty-first day of December, shall be considered timely and the license or notice of registration seeks to renew shall remain in force and effect, as provided by the VCBA until the renewal application is either approved or denied by the commissioner. Nothing in this Paragraph shall preclude the commissioner from implementing any administrative or enforcement action or actions authorized by the VCBA or this rule for violations of the VCBA, this rule, or for any material misrepresentation that may have occurred prior to the renewal date of any license or notice of registration.~~

D. ~~(1) If the commissioner has not received the renewal fee and late fee before the first day of March after expiration of any license or notice of registration required by this Section, the license or notice of registration to engage in virtual currency business in Louisiana shall lapse without hearing or notification, and the license or notice of registration shall not be reinstated. However, the person whose license or notice of registration has lapsed may apply for a new license or notice of registration, in accordance with applicable provisions of the VCBA, including but not limited to R.S. 6:1385, et seq., and 6:1389, et seq. An application for renewal of any license or notice of registration shall be accompanied by both:~~

~~(a) The renewal fee; and~~

~~(b) The late fee.~~

~~2. If a licensee or registrant does not submit an application for renewal on or before the last day of February, the license or notice of registration shall lapse on the first day of March and the licensee or registrant shall cease engaging in virtual currency business in Louisiana, with persons and individuals in Louisiana or on behalf of persons or individuals in Louisiana, as provided by La. R.S. 6:1384.~~

~~3. Any person whose license or notice of registration has lapsed may apply for a new license or notice of registration, in accordance with the VCBA.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

#### **§191509. Net Worth/Tangible Net Worth**

A. In satisfying the licensure, renewal, and registration requirements provided by the VCBA, including but not limited to R.S. 6:1386(B) through (D), R.S. 6:1388(B)(2)(f), and R.S. 6:1389(A)(7), net worth and tangible net worth shall be clearly evidenced by filing or submitting a current, audited financial statement to the commissioner through the NMLS prepared:

1. In accordance with General Acceptable Accounting Principles (GAAP) standards; and

2. Consistent with Public Company Accounting Oversight Board (PCAOB) standards.

B. Licensure, renewal, and registration requirements relative to net worth and net tangible worth provided by the VCBA, including but not limited to those expressly provided by R.S. 6:1386(B) through (D), R.S. 6:1388(B)(2)(f), and R.S. 6:1389(A)(7), shall be:

1. Satisfied at the time of initial application for licensure, renewal, and registration under the VCBA;

2. Maintained at all times during licensure, renewal, and registration; and

3. Annually reported to the commissioner beginning on the first day of November, in compliance with Subsection A of this Section.

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

### **§19171. Examination**

A.—The commissioner may:

~~1A. Conduct on-site examination or investigation, participate in a joint or concurrent examination or investigation with another state or federal agency or agencies, or examine or investigate of the books, records, and accounts used in the business of every a licensee or registrant.~~

~~2B. Accept and rely upon—Consider results of an inspection conducted by a comparable official in any examination report or investigative report of any other state or federal agency or agencies in which the books, records, and accounts used in a licensee's or registrant's virtual currency business are located.~~

~~BC. The commissioner is not precluded from conducting an examination or investigation under applicable provisions of the VCBA, including but not limited to R.S. 6:1391, by:~~

- ~~1. Participating in a joint examination or investigation;~~
- ~~2. Participating in a concurrent examination or investigation; or~~
- ~~3. Accepting results of an examination or investigation report conducted by any state or federal agency or agencies.~~

~~C. A joint report or concurrent report accepted by the commissioner under this Section may be accepted as an official report of the commissioner for purposes of the VCBA and this rule.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1391, R.S. 6:1392, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

### **§1919. Network Examination**

~~A. To efficiently and effectively enforce the VCBA and to minimize regulatory burden, the commissioner may participate in multistate examination and investigation processes for licensees that hold licenses in this state and other states. As a participant in any multistate examinations or investigations, the commissioner may, to the extent permitted by law:~~

- ~~1. Cooperate, coordinate, and share information with other state and federal regulators;~~
- ~~2. Enter into written cooperation, coordination, or information sharing contracts or agreements or relationships with organizations made up of other government officials or state and/or federal governmental agencies; and regulatory agencies.~~
- ~~3. Cooperate, coordinate, and share information with organizations made up of other state and/or federal governmental agencies, provided that the organizations agree in writing to maintain confidentiality and security of shared information.~~

~~B. Nothing in this Section constitutes a waiver of the commissioner's authority to:~~

- ~~1. Conduct any examination or investigation authorized by law;~~
- ~~2. Otherwise take any independent action authorized by:~~

~~—a. Law;~~

~~—b. Any rule promulgated in accordance with the Louisiana Administrative Procedure Act (LAPA); or~~

~~—c. Any order issued under the VCBA to enforce compliance with applicable state or federal law.~~

~~C. The following shall not constitute a waiver of any examination fee provided by the VCBA and/or any rule or rules promulgated in accordance with LAPA:~~

- ~~1. The commissioner's participation in any joint examination or investigation; or~~

~~2D. The commissioner's acceptance of an—Consider licensing or examination or investigative reports conducted and prepared by other state or federal agency or governmental agencies or officials, within or outside Louisiana.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1391, R.S. 6:1392, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

### **§1921. Renewal/Quarterly Reports**

~~A. In order to meet the reporting requirements of section 1388 of the VCBA, and provide the department with sufficient information as it relates to enforcement pursuant to section 1393 of the VCBA, each licensee shall submit to the NMLS reports of condition which shall be in such form and frequency and contain such information as the NMLS may require.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1391; and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

### **§19213. Records**

~~Licensees engaging in virtual currency business activity in Louisiana shall maintain and preserve such books, records, and accounts of its virtual currency business activities, as determined by policy by the commissioner, pursuant to R.S. 6:1391, for a period of five years, or longer, if required by the commissioner to resolve any examination, investigation, or complaint.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1391, R.S. 6:1393, and R.S. 6:1394.~~

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

**~~§1925. Policies and Procedures~~**

~~Licenses engaging in virtual currency business activity in Louisiana will be expected to adopt and implement appropriate policies and procedures as part of the required books, records, and accounts, as determined by policy by the commissioner, pursuant to R.S. 6:1391 and R.S. 6:1393.~~

~~AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1391, R.S. 6:1393, and R.S. 6:1394.~~

~~HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:~~

**§192715. Consent Agreements**

The commissioner may enter into a consent agreement at any time with a person to resolve a matter arising under the VCBA, or a rule adopted, or an agreement entered into, under the VCBA.

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1391, R.S. 6:1392, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

**§192917. Civil Penalties**

The commissioner, in his discretion, may assess a civil penalty against a person that violates the VCBA or any rule promulgated pursuant to the VCBA, or any order issued by the commissioner pursuant thereto, not to exceed \$1,000 for each violation, plus the department’s costs and expenses for the investigation and prosecution of the matter, including reasonable attorney’s fees.

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1387, R.S. 6:1388, R.S. 6:1392, R.S. 6:1393, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

**§19319. Miscellaneous Provisions**

A. Failure to comply with this rule, or any other rule, or with any order issued by the department within a reasonable period of time may be considered in determining whether to waive any regulatory fee or to allow the filing of additional information relating to the application process. Noncompliance with any provisions of the VCBA, including but not limited to any provision or provisions pertaining to ownership, control, security, net worth, registration, or failure to pay any fee may likewise be considered in determining whether to deny issuance or renewal of a license or notice of registration, or the commissioner’s institution of any investigative, administrative, or regulatory action within the scope of his authority.

B. All persons must be properly registered with the Louisiana Secretary of State, if required, prior to engaging in virtual currency business activity in the State of Louisiana.

C. Required Disclosures – Licenses engaging in virtual currency business activity in Louisiana shall provide ~~to a person who uses the licensee’s products or services~~ proper disclosures, as determined by the commissioner by policy, pursuant to R.S. 6:1393 to persons and individuals who use the licensee’s products or services. The commissioner shall also determine, by policy, the time and form required for such disclosures. ~~Required disclosures required by this section~~ must be made separately from any other information provided by the licensee to ~~a persons and individuals~~ and in a clear and conspicuous manner. ~~A licensee may propose, for the commissioner’s approval, alternate disclosures as deemed more appropriate for its virtual currency business activity with, or on behalf of, persons in Louisiana.~~

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1392, R.S. 6:1393, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

**§193321. Fees**

Pursuant to the authority granted under R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, and R.S. 6:1391, the following fee structure is hereby established to cover necessary costs associated with the administration of the VCBA, R.S. 6:1381, et seq., as enacted by Act 341 of the 2020 Regular Session of the Louisiana Legislature.

Description	Fee
1. Initial Application Fee (\$2,500) and Investigation/Review Fee (\$2,500)	\$5,000
2. License Renewal Fee (\$2,000) and Investigation/Review Fee (\$2,000)	\$4,000/\$1,500 late fee

Description	Fee
3. Examination Fee	\$50 per/hour for each examiner, plus the actual cost of subsistence, lodging, and transportation for out-of-state exams, not to exceed the amounts provided for in Division of Administration travel regulations in force at the time of such exam
4. Registration Fee	\$750 for initial application
5. Registration Renewal Fee	\$500 for any subsequent annual renewals /\$250 late fee

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1385, R.S. 6:1388, R.S. 6:1389, R.S. 6:1392, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

**§19235. Exceptions**

Any request for an exception and/or waiver must be submitted in writing and requires the written approval of the commissioner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1392, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

**§193725. Severability**

If any provision or item of this regulation, or the application thereof, is held invalid, such invalidity shall not affect other provisions, items, or applications of the regulation which can be given effect without the invalid provisions, items, or applications.

AUTHORITY NOTE: Promulgated in accordance with R.S. 6:121, R.S. 6:121.2, R.S. 6:1385, R.S. 6:1386, R.S. 6:1387, R.S. 6:1388, R.S. 6:1389, R.S. 6:1392, and R.S. 6:1394.

HISTORICAL NOTE: Promulgated by the Office of the Governor, Office of Financial Institutions, LR 47:

**Family Impact Statement**

In compliance with Act 1183 of the 1999 Regular Session of the Louisiana Legislature, the impact of this proposed rule on the family has been considered. This proposed rule has no known impact on family formation, stability, or autonomy as described in R.S. 49:972.

**Small Business Analysis**

Pursuant to R.S. 49:965.6, methods for reduction of the impact on small business, as defined in the Regulatory Flexibility Act, have been considered when creating this proposed Rule. This proposed Rule has no known impact on small businesses, pursuant to R.S. 49:978.4.

**Poverty Impact Statement**

The proposed Rule has no known impact on poverty, pursuant to R.S. 49:973.

**Provider Impact Statement**

The proposed Rule has no known impact on providers as described in HCR 170 of 2014.

**Public Comments**

Interested persons may submit written comments through 5:00 PM on July 10, 2022, to Susan Rouprich, General Counsel, Office of Financial Institutions, 8660 United Plaza Boulevard, Second Floor, Baton Rouge, LA 70809.

Stanley M. Dameron  
Commissioner