

REFERENCE TITLE: **bullion depository; establishment**

State of Arizona  
Senate  
Fifty-sixth Legislature  
Second Regular Session  
2024

## **SB 1633**

Introduced by  
Senator Hoffman

AN ACT

AMENDING TITLE 6, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 18; RELATING TO FINANCIAL INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 6, Arizona Revised Statutes, is amended by adding  
3 chapter 18, to read:

4 CHAPTER 18

5 ARIZONA BULLION DEPOSITORY

6 ARTICLE 1. GENERAL PROVISIONS

7 6-1801. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "BULLION" MEANS PRECIOUS METALS THAT ARE LIMITED TO GOLD AND  
10 SILVER AND THAT ARE FORMED INTO UNIFORM SHAPES AND QUANTITIES SUCH AS  
11 INGOTS, BARS OR PLATES THAT HAVE UNIFORM CONTENT AND PURITY AND THAT ARE  
12 SUITABLE FOR OR CUSTOMARILY USED IN THE PURCHASE, SALE, STORAGE, TRANSFER  
13 AND DELIVERY OF BULK OR WHOLESALE TRANSACTIONS IN PRECIOUS METALS.

14 2. "DEPOSIT" MEANS THE ESTABLISHMENT OF AN EXECUTORY OBLIGATION OF  
15 THE DEPOSITORY TO DELIVER TO THE ORDER OF THE PERSON ESTABLISHING WITH THE  
16 DEPOSITORY THE OBLIGATION, ON DEMAND, OF A QUANTITY OF A SPECIFIED  
17 PRECIOUS METAL, IN BULLION, SPECIE OR A COMBINATION OF BULLION AND SPECIE,  
18 EQUAL TO THE QUANTITY OF THE SAME PRECIOUS METAL DELIVERED BY OR ON BEHALF  
19 OF THE DEPOSITOR INTO THE CUSTODY OF:

20 (a) THE DEPOSITORY.

21 (b) A DEPOSITORY AGENT.

22 3. "DEPOSITOR" MEANS A PERSON WHO MAKES A DEPOSIT.

23 4. "DEPOSITORY" MEANS THE ARIZONA BULLION DEPOSITORY ESTABLISHED BY  
24 SECTION 6-1802.

25 5. "DEPOSITORY ACCOUNT" MEANS THE RIGHTS, INTERESTS AND  
26 ENTITLEMENTS OF A DEPOSITOR WITH RESPECT TO A DEPOSIT IN ACCORDANCE WITH  
27 THIS CHAPTER AND RULES ADOPTED UNDER THIS CHAPTER.

28 6. "DEPOSITORY ACCOUNT HOLDER" MEANS THE ORIGINAL DEPOSITOR OR A  
29 SUCCESSOR OR ASSIGNEE OF THE DEPOSITOR RESPECTING THE DEPOSITORY ACCOUNT.

30 7. "DEPOSITORY AGENT" MEANS A FINANCIAL INSTITUTION THAT HAS  
31 ENTERED INTO AN AGREEMENT WITH THE DEPOSITORY TO PROVIDE A RETAIL LOCATION  
32 THAT PROVIDES DEPOSITORY SERVICES TO THE GENERAL PUBLIC ON BEHALF OF THE  
33 DEPOSITORY.

34 8. "POOLED DEPOSITORY ACCOUNT" MEANS THE ACCOUNT IN THE DEPOSITORY.

35 9. "PRECIOUS METAL" MEANS PRECIOUS METALS THAT ARE LIMITED TO GOLD  
36 AND SILVER AND THAT:

37 (a) BEAR A HIGH VALUE-TO-WEIGHT RATIO RELATIVE TO COMMON INDUSTRIAL  
38 METALS.

39 (b) ARE FORMED INTO BULLION OR SPECIE.

40 10. "SPECIE" MEANS A PRECIOUS METAL THAT IS LIMITED TO GOLD AND  
41 SILVER AND THAT IS STAMPED INTO COINS OF UNIFORM SHAPE, SIZE, DESIGN,  
42 CONTENT AND PURITY THAT ARE SUITABLE FOR OR CUSTOMARILY USED AS CURRENCY,  
43 AS A MEDIUM OF EXCHANGE OR AS THE MEDIUM FOR PURCHASE, SALE, STORAGE,  
44 TRANSFER OR DELIVERY OF PRECIOUS METALS IN RETAIL OR WHOLESALE  
45 TRANSACTIONS.

1 11. "TRANSACTIONAL CURRENCY" MEANS A REPRESENTATION OF ACTUAL  
2 PRECIOUS METALS, SPECIE AND BULLION HELD IN A DEPOSITORY ACCOUNT BY A  
3 DEPOSITORY ACCOUNT HOLDER THAT MAY BE TRANSFERRED BY ELECTRONIC  
4 INSTRUCTION AND THAT REFLECTS THE EXACT UNIT OF PHYSICAL PRECIOUS METALS,  
5 SPECIE OR BULLION IN THE POOLED DEPOSITORY ACCOUNT IN ITS FRACTIONAL TROY  
6 OUNCE MEASUREMENT.

7 6-1802. Arizona bullion depository; administration; state  
8 monies; rulemaking

9 A. THE ARIZONA BULLION DEPOSITORY IS ESTABLISHED. THE DEPARTMENT  
10 SHALL ADMINISTER THE DEPOSITORY THROUGH THE ADMINISTRATOR. THE DEPOSITORY  
11 SERVES AS THE CUSTODIAN, GUARDIAN AND ADMINISTRATOR OF CERTAIN BULLION AND  
12 SPECIE THAT MAY BE TRANSFERRED TO OR OTHERWISE ACQUIRED BY THIS STATE OR  
13 AN AGENCY, A POLITICAL SUBDIVISION OR ANOTHER INSTRUMENTALITY OF THIS  
14 STATE. THE DEPOSITORY SHALL PROVIDE A SECURE LOCATION FOR STORING  
15 BULLION.

16 B. THE DEPARTMENT MAY CONTRACT WITH A THIRD PARTY TO ADMINISTER THE  
17 DAILY OPERATIONS OF THE DEPOSITORY AND IMPLEMENT THE DEPOSITORY SECURITY,  
18 STORAGE, TRANSACTIONAL AND ADMINISTRATIVE PROCEDURES IN ACCORDANCE WITH  
19 THIS CHAPTER AND RULES.

20 C. THIS STATE, INCLUDING STATE AGENCIES AND COUNTIES,  
21 MUNICIPALITIES AND OTHER GOVERNMENTAL ENTITIES, MAY USE THE DEPOSITORY TO  
22 STORE BULLION. THE STATE TREASURER MAY DEPOSIT A PORTION OF STATE MONIES  
23 IN THE DEPOSITORY IN THE FORM OF BULLION, AND THAT BULLION DEPOSIT IS  
24 CONSIDERED PART OF THIS STATE'S FINANCIAL RESERVES. THE DEPARTMENT SHALL  
25 ADOPT RULES FOR THIS STATE'S USE OF THE DEPOSITORY.

26 D. THE DEPARTMENT SHALL ADOPT RULES AS NECESSARY TO EFFECTUATE THIS  
27 CHAPTER.

28 6-1803. Depository administrator; power and duties

29 A. THE DIRECTOR SHALL HIRE AN ADMINISTRATOR OF THE DEPOSITORY WHO  
30 SERVES AT THE DISCRETION OF THE DIRECTOR.

31 B. THE DEPOSITORY IS MANAGED UNDER THE DIRECTION OF THE  
32 ADMINISTRATOR.

33 C. THE ADMINISTRATOR SHALL:

34 1. MANAGE, SUPERVISE AND DIRECT THE OPERATIONS AND AFFAIRS OF THE  
35 DEPOSITORY AND DEPOSITORY AGENTS.

36 2. LIAISE WITH THE DEPARTMENT TO ENSURE THAT EACH TRANSACTION WITH  
37 THE DEPOSITORY THAT INVOLVES STATE MONIES, AN AGENCY, A POLITICAL  
38 SUBDIVISION OR ANOTHER INSTRUMENTALITY OF THIS STATE OR A PRIVATE PERSON  
39 IS PLANNED, ADMINISTERED AND EXECUTED IN A MANNER TO ACHIEVE THE PURPOSES  
40 OF THIS CHAPTER.

41 3. ENSURE THAT THE DEPOSITORY HAS CURRENT AND EFFICIENT SAFETY  
42 PROTOCOLS TO PREVENT THEFT, FRAUD OR UNAUTHORIZED ACCESS TO OR REMOVAL OF  
43 BULLION.

1 D. THE ADMINISTRATOR MAY:  
2 1. APPOINT OR EMPLOY, SUBJECT TO THE APPROVAL OF THE DIRECTOR, A  
3 DEPUTY ADMINISTRATOR OR OTHER SUBORDINATE OFFICERS OR EMPLOYEES AS  
4 NECESSARY AND APPROPRIATE TO PROPERLY EFFECTUATE THE ADMINISTRATION OF THE  
5 DEPOSITORY.  
6 2. EMPLOY SECURITY OFFICERS TO PROVIDE SECURITY SERVICES FOR THE  
7 DEPOSITORY AS NECESSARY.  
8 6-1804. Deposits and depository accounts; standards; audits;  
9 conflicts of interest; reports  
10 A. THE DEPOSITORY MAY RECEIVE A DEPOSIT OF BULLION OR SPECIE, OR  
11 BOTH, IN ACCORDANCE WITH RULES ADOPTED BY THE DIRECTOR AS APPROPRIATE TO  
12 DO BOTH OF THE FOLLOWING:  
13 1. ENSURE COMPLIANCE WITH THE LAW.  
14 2. PROTECT THE INTERESTS OF:  
15 (a) THE DEPOSITORY.  
16 (b) DEPOSITORY ACCOUNT HOLDERS.  
17 (c) THIS STATE AND THE AGENCIES, POLITICAL SUBDIVISIONS AND  
18 INSTRUMENTALITIES OF THIS STATE.  
19 (d) THE PUBLIC.  
20 B. THE DEPOSITORY SHALL:  
21 1. RECORD THE AMOUNT OF PRECIOUS METALS A PERSON DEPOSITS,  
22 REGARDLESS OF FORM, IN UNITS OF PURE TROY OUNCES. THE RECORDS MUST  
23 SPECIFY THE TYPE AND QUANTITY OF EACH PRECIOUS METAL DEPOSITED.  
24 2. ADJUST EACH DEPOSITORY ACCOUNT BALANCE TO REFLECT ADDITIONS TO  
25 OR WITHDRAWALS OR DELIVERIES FROM THE DEPOSITORY ACCOUNT.  
26 C. THE DEPARTMENT SHALL CONTRACT WITH AN INDEPENDENT THIRD PARTY TO  
27 CONDUCT AUDITS AT LEAST TWO TIMES EACH CALENDAR YEAR TO VERIFY THE AMOUNT  
28 AND VALUE OF THE BULLION OR SPECIE, OR BOTH, STORED IN THE DEPOSITORY AND  
29 TO INSPECT THE SECURITY MEASURES AND SAFETY PROTOCOLS IN PLACE. THE THIRD  
30 PARTY MUST BE AN ESTABLISHED PROVIDER WITH A PROVEN RECORD OF PROVIDING  
31 AUDITING SERVICES TO DEPOSITORY INSTITUTIONS. THE PUBLIC MAY REQUEST, AT  
32 A MINIMUM, A SUMMARY OF TOTALS OF PREVIOUS PRECIOUS METAL AMOUNTS AND ANY  
33 DISCREPANCIES FOUND DURING AN AUDIT CONDUCTED PURSUANT TO THIS  
34 SUBSECTION. INFORMATION THAT WOULD JEOPARDIZE CONFIDENTIAL DEPOSITORY  
35 INFORMATION OR THE DEPOSITORY'S SECURITY PROTOCOLS IS NOT SUBJECT TO  
36 PUBLIC DISCLOSURE.  
37 D. THE ADMINISTRATOR AND ANY EMPLOYEE, OFFICIAL OR THIRD PARTY THAT  
38 IS ASSOCIATED WITH THE OVERSIGHT OR OPERATION OF THE DEPOSITORY:  
39 1. MAY NOT HAVE ANY FINANCIAL INTERESTS IN COMPANIES OR ENTITIES  
40 THAT PRODUCE, SELL OR MANAGE BULLION.  
41 2. MUST DISCLOSE ANY POTENTIAL CONFLICT OF INTEREST TO THE  
42 DEPARTMENT IMMEDIATELY ON DISCOVERY.  
43 E. ANY VIOLATION OF SUBSECTION D OF THIS SECTION MAY RESULT IN  
44 TERMINATION, FINES OR OTHER LEGAL PENALTIES AS DETERMINED BY THE  
45 DEPARTMENT.

1 F. THE ADMINISTRATOR SHALL PROVIDE QUARTERLY REPORTS TO THE  
2 DEPARTMENT DETAILING THE OPERATIONS, TRANSACTIONS AND FINANCIAL STATUS OF  
3 THE DEPOSITORY.

4 G. ON OR BEFORE JUNE 30 EACH YEAR, THE DEPARTMENT SHALL SUBMIT AN  
5 ANNUAL REPORT TO THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE  
6 OF REPRESENTATIVES AND PROVIDE A COPY OF THE REPORT TO THE SECRETARY OF  
7 STATE.

8 6-1805. Administration of transactional currency

9 A. THE DIRECTOR SHALL ISSUE SPECIE AND ESTABLISH A TRANSACTIONAL  
10 CURRENCY AS THE DIRECTOR DETERMINES TO BE PRACTICABLE.

11 B. THE DIRECTOR MAY CONTRACT WITH A PRIVATE VENDOR TO ESTABLISH THE  
12 TRANSACTIONAL CURRENCY OR PERFORM OTHER DUTIES UNDER THIS CHAPTER.

13 C. FOR TRANSACTIONAL CURRENCY, THE DIRECTOR SHALL ESTABLISH A MEANS  
14 TO ENSURE THAT:

15 1. A PERSON OR THIS STATE THAT HOLDS THE TRANSACTIONAL CURRENCY MAY  
16 USE THAT TRANSACTIONAL CURRENCY AS LEGAL TENDER TO PAY A DEBT OR MAY  
17 ASSIGN THE TRANSACTIONAL CURRENCY TO ANOTHER PERSON OR THIS STATE.

18 2. THE ELECTRONIC MEANS OF THE TRANSFER OF TRANSACTIONAL CURRENCY  
19 TO ANOTHER PERSON OR THIS STATE IS EXPEDIENT.

20 D. FOR SPECIE, THE DIRECTOR SHALL:

21 1. AUTHORIZE THE DEPOSITORY AS THIS STATE'S EXCLUSIVE ISSUER.

22 2. ENSURE THAT THE HOLDER OF SPECIE MAY USE THE SPECIE AS LEGAL  
23 TENDER TO PAY A DEBT.

24 3. ENSURE THE EXPEDIENT TRANSFER OF TRANSACTIONAL CURRENCY TO  
25 ANOTHER PERSON OR THIS STATE AND THAT SPECIE IS READILY TRANSFERABLE.

26 6-1806. Bullion depository account

27 THE DIRECTOR, WHO SERVES AS TRUSTEE, OR THE DIRECTOR'S DESIGNEE  
28 SHALL:

29 1. HOLD IN TRUST ON BEHALF OF THE TRANSACTIONAL CURRENCY HOLDERS  
30 ALL SPECIE AND BULLION OWNED OR PURCHASED FOR TRANSACTIONAL PURPOSES.

31 2. MAINTAIN ENOUGH SPECIE OR BULLION TO PROVIDE FOR THE REDEMPTION  
32 OF ALL UNITS OF THE TRANSACTIONAL CURRENCY ISSUED BUT NOT REDEEMED.

33 3. ESTABLISH A POOLED DEPOSITORY ACCOUNT IN THE DEPOSITORY TO HOLD  
34 IN TRUST AS TRUSTEE ON BEHALF OF THE TRANSACTIONAL CURRENCY HOLDERS ALL  
35 SPECIE AND BULLION OWNED, ALLOCATED OR PURCHASED.

36 6-1807. Purchase and issuance; fee

37 A. THE ADMINISTRATOR SHALL ISSUE THE TRANSACTIONAL CURRENCY TO A  
38 PERSON OR THIS STATE ON PAYMENT:

39 1. TO THE DEPOSITORY TO PURCHASE SPECIE OR BULLION, OR BOTH, AND ON  
40 PAYMENT OF AN APPLICABLE FEE.

41 2. TO DESIGNATE SPECIE OR BULLION, OR BOTH, HELD ON ACCOUNT AND ON  
42 PAYMENT OF AN APPLICABLE FEE.

- 1 B. WHEN PAYMENT UNDER THIS SECTION IS RECEIVED, THE DIRECTOR SHALL:  
2 1. BUY SPECIE OR BULLION, OR BOTH, USING THE MONEY RECEIVED, IN THE  
3 NUMBER OF TROY OUNCES OF PRECIOUS METAL EQUAL TO THE NUMBER OF UNITS OF  
4 TRANSACTIONAL CURRENCY AND ISSUE THAT TRANSACTIONAL CURRENCY TO THE  
5 PURCHASER UNDER SUBSECTION A OF THIS SECTION.  
6 2. DEPOSIT SUCH SPECIE OR BULLION INTO THE POOLED DEPOSITORY  
7 ACCOUNT FOR THE PURCHASER UNDER SUBSECTION A OF THIS SECTION.  
8 3. ISSUE TO THE PURCHASER A DEPOSITORY ACCOUNT WITH OR ADD TO AN  
9 EXISTING DEPOSITORY ACCOUNT A NUMBER OF UNITS OF THE TRANSACTIONAL  
10 CURRENCY EQUAL TO THE AMOUNT OF SPECIE OR BULLION THAT THE PURCHASE MONIES  
11 RECEIVED FROM THE DEPOSITORY ACCOUNT HOLDER WOULD BUY AT THE MARKET PRICE  
12 ON THAT DATE AS PUBLISHED BY THE DEPOSITORY.

13 C. THE DEPARTMENT SHALL ESTABLISH THE FEE CHARGED PURSUANT TO  
14 SUBSECTION A OF THIS SECTION.

15 6-1808. Redemption of transactional currency for United  
16 States dollars; fee

17 A. A PERSON WHO HOLDS TRANSACTIONAL CURRENCY MAY PRESENT TO THE  
18 ADMINISTRATOR ANY NUMBER OF UNITS OF TRANSACTIONAL CURRENCY TO REDEEM FOR  
19 UNITED STATES DOLLARS.

20 B. ON RECEIPT OF A PERSON'S REQUEST FOR REDEMPTION, THE  
21 ADMINISTRATOR SHALL:

22 1. SELL FROM THE SPECIE OR BULLION HELD IN THE POOLED DEPOSITORY  
23 ACCOUNT A NUMBER OF TROY OUNCES OF SPECIE OR BULLION EQUAL TO THE NUMBER  
24 OF UNITED STATES DOLLARS OF THE TRANSACTIONAL CURRENCY THAT IS BEING  
25 REDEEMED.

26 2. PROVIDE TO THE PERSON AN AMOUNT OF UNITED STATES DOLLARS EQUAL  
27 TO THE AMOUNT RECEIVED FROM THE SALE OF SPECIE OR BULLION UNDER PARAGRAPH  
28 1 OF THIS SUBSECTION, MINUS A FEE CHARGED.

29 C. THE DEPARTMENT SHALL ESTABLISH THE FEE CHARGED PURSUANT TO  
30 SUBSECTION B, PARAGRAPH 2 OF THIS SECTION.

31 6-1809. Redemption of transactional currency for specie or  
32 bullion; fee

33 A. AN ACCOUNT HOLDER WHO HOLDS TRANSACTIONAL CURRENCY MAY PRESENT  
34 TO THE ADMINISTRATOR ANY NUMBER OF UNITS OF THE TRANSACTIONAL CURRENCY TO  
35 REDEEM FOR AN EQUAL NUMBER OF TROY OUNCES OF SPECIE OR BULLION FROM THE  
36 POOLED DEPOSITORY ACCOUNT.

37 B. ON RECEIPT OF A REQUEST FOR REDEMPTION, THE ADMINISTRATOR SHALL:

38 1. WITHDRAW THE EQUIVALENT NUMBER OF TROY OUNCES OF SPECIE OR  
39 BULLION FROM THE POOLED DEPOSITORY ACCOUNT.

40 2. DELIVER THE SPECIE OR BULLION AS REQUESTED TO THE REQUESTOR ON  
41 RECEIPT OF THE FEE.

42 C. THE DEPARTMENT SHALL ESTABLISH THE FEE CHARGED PURSUANT TO  
43 SUBSECTION B, PARAGRAPH 2 OF THIS SECTION.

1           6-1810. Value of transactional currency

2           A. AT THE TIME OF EACH TRANSACTION THAT ISSUES OR REDEEMS  
3 TRANSACTIONAL CURRENCY, THE DIRECTOR SHALL DETERMINE THE VALUE OF A UNIT  
4 OF THE TRANSACTIONAL CURRENCY AS PUBLISHED BY THE DEPOSITORY.

5           B. AT THE TIME OF EACH TRANSACTION, THE VALUE OF A UNIT OF  
6 TRANSACTIONAL CURRENCY MUST BE EQUAL TO THE VALUE OF THE APPROPRIATE  
7 FRACTION OF A TROY OUNCE OF PRECIOUS METAL AS PUBLISHED BY THE DEPOSITORY.

8           6-1811. Monies and deposits; pooled depository account;  
9   prohibition

10           SPECIE OR BULLION PURCHASED AND DEPOSITED IN THE POOLED DEPOSITORY  
11 ACCOUNT AS PROVIDED BY SECTION 6-1807, SUBSECTION B, PARAGRAPH 1 AND  
12 MONIES RECEIVED FROM THE SALE OF SPECIE OR BULLION IN THE POOLED  
13 DEPOSITORY ACCOUNT IN RESPONSE TO A REQUEST FOR REDEMPTION UNDER SECTION  
14 6-1808 ARE BOTH:

- 15           1. HELD BY THE DIRECTOR AS TRUSTEE ON THE BEHALF OF PERSONS WHO  
16 HOLD THE TRANSACTIONAL CURRENCY.  
17           2. NOT AVAILABLE FOR LEGISLATIVE APPROPRIATION.

18           6-1812. Enemies of United States; foreign nations;  
19   prohibition

20           FOREIGN NATIONS AND ENEMIES OF THE UNITED STATES ARE PROHIBITED FROM  
21 USING ANY SERVICE PROVIDED BY THE DEPOSITORY.

22           6-1813. Fees

23           A. NOT MORE THAN TEN PERCENT OF THE FEES ESTABLISHED BY THE  
24 DEPARTMENT PURSUANT TO THIS SECTION AND SECTIONS 6-1807, 6-1808 AND 6-1809  
25 SHALL BE USED BY THE DEPARTMENT FOR ADMINISTERING THIS CHAPTER.

26           B. THE DEPARTMENT MAY ALSO CHARGE A STANDARD INDUSTRY MERCHANT FEE.

27           C. THE DIRECTOR SHALL DEPOSIT THE NET FEE PROCEEDS AFTER  
28 ADMINISTRATIVE COSTS IN THE STATE GENERAL FUND.

29           6-1814. Rules

30           THE DIRECTOR MAY ADOPT RULES AS NECESSARY OR CONVENIENT TO IMPLEMENT  
31 THIS CHAPTER TO:

- 32           1. ENSURE THE SECURITY OF THE SPECIE, BULLION, TRANSACTIONAL  
33 CURRENCY, TRANSACTIONS AND RELATED DATA.  
34           2. PREVENT FRAUD.  
35           3. PREVENT ANY RELEASE OF DEPOSITORY ACCOUNT OR DEPOSITORY ACCOUNT  
36 HOLDER-RELATED DATA SUBJECT TO ORDER OF A COURT WITH PROPER JURISDICTION.  
37           4. ESTABLISH THE FEES NECESSARY TO EFFECTUATE THIS CHAPTER.