WEST VIRGINIA CODE CHAPTER 31A ARTICLE 2B

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§31A-2B-1. Short title.

This article shall be known and may be cited as the "Second Amendment Financial Privacy Act."

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§31A-2B-2. Findings and intent.

(a) The Legislature finds that:

(1) The Second Amendment to the United States Constitution guarantees the people the right to keep and bear arms;

(2) Section 22, Article III of the West Virginia Constitution provides that "[a] person has the right to keep and bear arms for the defense of self, family, home and state, and for lawful hunting and recreational use";

(3) In September of 2022, the International Organization for Standardization, based in Switzerland, approved a unique Merchant Category Code for firearm and ammunition retailers;

(4) Later in September of 2022, the world's three largest payment card networks publicly announced they would assign the new Merchant Category Code to firearms retailers accepting payment cards for purchases, after 28 members of Congress sent a public letter to networks, pressuring them to adopt the new code;

(5) In the letter to payment card networks, federal lawmakers stated that the new Merchant Category Code for firearms retailers would be "[. . .] the first step towards facilitating the collection of valuable financial data that could help law enforcement in countering the financing of terrorism efforts", expressing a clear government expectation that networks will utilize the new Merchant Category Code to conduct mass surveillance of constitutionally protected firearms, firearm accessories or components, and ammunition purchases in cooperation with law enforcement;

(6) The new Merchant Category Code will allow the banks, payment card networks, acquirers, and other entities involved in payment card processing to identify and separately track lawful payment card purchases at firearms retailers in West Virginia, paving the way for both unprecedented surveillance of Second Amendment activity and unprecedented information sharing between financial institutions and the government;

(7) This potential for cooperative surveillance and tracking of lawful firearms, firearm accessories or components, and ammunition purchases will have a significant chilling effect on citizens wishing to exercise their federal and state constitutional rights to keep and bear arms in West Virginia;

(8) While federal law requires some financial institutions to report transactions that are highly indicative of money laundering or other unlawful activities, there is no federal or state law authorizing financial institutions to surveil and track lawful activities by customers in cooperation with law enforcement; in fact, both the federal Right to Financial Privacy Act and West Virginia's Maxwell Governmental Access to Financial Records Act prohibit financial institutions from disclosing a customer's financial records except in limited

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circumstances; and

(9) This article should be construed as a generally applicable consumer financial protection law that does not prevent or significantly interfere with the duly authorized powers of any bank, nor does this article directly or indirectly discriminate against any bank based on its charter or structure.

(b) Based on the above-stated findings, it is the intent of the Legislature to prohibit the misuse of payment card processing systems to surveil, report, or otherwise discourage constitutionally protected firearm, firearm accessories or components, and ammunition purchases and sales within West Virginia's jurisdiction.

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§31A-2B-3. Definitions.

(a) The terms used in this article shall have the same meaning provided in §31A-2A-1 of this code, unless otherwise specified in this section.

(b) For the purposes of this article, the following terms have the following meanings:

(1) “Ammunition” means ammunition or cartridge cases, primers, bullets, or propellant powder designed for use in any firearm.

(2) "Assign" or "assignment" refers to a financial institution policy, process, or practice that labels, links, or otherwise associates a firearms code with a merchant or payment card transaction in a manner that allows the financial institution or any other entity facilitating or processing the payment card transaction to identify whether a merchant is a firearms retailer or whether a transaction involves the sale of firearms, firearm accessories or components, or ammunition.

(3) "Customer", in addition to the definition provided in §31A-2A-1(a) of this code, includes any person who presents a payment card to a merchant for the purchase of goods or services.

(4) "Disclosure" means the transfer, publication, or distribution of protected financial information to another person for any purpose other than to process or facilitate a payment card transaction.

(5) "Financial institution", in addition to the definition provided in §31A-2A-1(b) of this code, includes an entity other than a merchant involved in facilitating or processing a payment card transaction, including, but not limited to, a bank, acquirer, gateway, payment card network, or payment card issuer.

(6) "Financial record", in addition to the definition provided in §31A-2A-1(c) of this code, includes a financial record held by a financial institution related to a payment card transaction that the financial institution has processed or facilitated.

(7) “Firearm” has the same meaning as that term is defined in §61-7-2 of this code and includes antique firearms.

(8) “Firearm accessories or components” means:

(A) Any device specifically adapted to enable the wearing or carrying about one’s person or the storage or mounting in or on any conveyance of a firearm and any attachment or device specifically adapted to be inserted into or affixed onto any firearm to enable, alter, or improve the functioning or capabilities of the firearm;

(B) Any item that is used in conjunction with or mounted upon a firearm, including but not limited to telescopic or laser sights, magazines, flash or sound suppressors, folding or

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aftermarket stocks and grips, speedloaders, braces, ammunition carriers, and lights for target illumination; and

(C) Any component for making ammunition, reloading materials and equipment, machinery, and tools for manufacturing ammunition.

(9) "Firearms code" means any code or other indicator a financial institution assigns to a merchant or to a payment card transaction that identifies whether a merchant is a firearms retailer or whether the payment card transaction involves the purchase of a firearm, firearm accessories or components, or ammunition. The term includes, but is not limited to, a Merchant Category Code assigned to a retailer by a payment card network or other financial institution.

(10) "Firearms retailer" means any person engaged in the lawful business of selling or trading firearms or antique firearms, as those terms are defined in §61-7-2 of this code, firearm accessories or components, or ammunition to be used in firearms or antique firearms.

(11) "Government entity" means any state or local government agency or instrumentality thereof, located in West Virginia.

(12) “Merchant” means a person or entity that accepts payment cards from customers for the purchase of goods or services. The term includes a firearms retailer that accepts payment cards for the lawful purchase of firearms, firearm accessories or components, or ammunition.

(13) “Payment card” means a credit card, charge card, debit card, or any other card that is issued to an authorized card user and that allows the user to purchase goods or services from a merchant.

(14) "Protected financial information" means any record of a sale, purchase, return, or refund involving a payment card that is retrieved, characterized, generated, labeled, sorted, or grouped based on the assignment of a firearms code. A "customer’s protected financial information" refers to protected financial information appearing in a financial institution’s records pertaining to a customer.

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§31A-2B-4. Protected financial information.

A financial institution is prohibited from disclosing a customer's protected financial information to a government entity and a government entity is prohibited from accessing or obtaining said information unless:

(1) Disclosure is expressly permitted by §31A-2A-4 of this code and the protected financial information is not singled out, segregated, or disclosed based on the assignment of a firearms code;

(2) Disclosure is made pursuant to a valid warrant issued in a criminal investigation, stating the grounds or probable cause for its issuance, and otherwise meeting the requirements of §62-1A-3 of this code;

(3) The customer has provided written authorization for disclosure, according to the requirements of §31A-2B-5 of this code;

(4) Disclosure is made pursuant to a subpoena meeting the requirements of §31A-2A-5 and §31A-2B-6 of this code or to a grand jury subpoena meeting the requirements of §31A-2A-6 of this code; or

(5) The financial institution discloses only the following information:

(A) That the financial institution is not in possession of the protected financial information; and

(B) The identity of the entity that is in possession of the requested protected financial information.

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§31A-2B-5. Written authorization for disclosure.

(a) Notwithstanding §31A-2B-4 of this code, a financial institution may disclose a customer's protected financial information to a government entity if the customer provides the financial institution with written authorization for said disclosure. The written authorization described by this section must contain the following:

(1) A statement that the customer consents to the disclosure of the protected financial information, along with the definition provided in §31A-2B-3(14) of this code, for a specific period;

(2) A statement that the customer has the right to refuse to consent to disclosure;

(3) A statement that the customer understands his or her right to revoke said consent at any time before the protected financial information is disclosed;

(4) A description of the financial records authorized to be disclosed;

(5) The purpose for which disclosure of the protected financial information is authorized;

(6) The recipient or recipients of the disclosure; and

(7) The customer's signature.

(b) The written authorization described in this section may not be required as a condition of doing business or transacting with any financial institution.

(c) The written authorization required by this section must be executed distinctly and separately from other agreements or instruments entered into between the customer and financial institution.

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§31A-2B-6. Additional requirements for subpoenas.

A subpoena issued by a government entity that specifically requires disclosure of protected financial information must meet the following requirements, in addition to the requirements of §31A-2A-5 of this code:

(1) The subpoena must state that protected financial information is being sought, along with the definition provided in §31A-2B-3(14) of this code;

(2) A copy of the subpoena must be served upon the customer according to the procedure provided in §31A-2A-5 of this code and the subpoena must contain a certification that said service was executed; and

(3) A copy of the subpoena must be served by the government entity upon the Consumer Protection Division of the West Virginia Attorney General's Office on the same day the subpoena is served upon the customer whose protected financial data is being sought and the subpoena must contain a certification that said service was executed.

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§31A-2B-7. Use of protected financial information for discriminatory purpose.

A financial institution may not use a firearms code to engage in the following discriminatory conduct:

(1) Declining a lawful payment card transaction based on the assignment of a firearms code to the merchant or transaction;

(2) Limiting or declining to do business with a customer, potential customer, or merchant based on the assignment of a firearms code to previous lawful transactions involving the customer, potential customer, or merchant;

(3) Charging a higher transaction or interchange fee to any merchant or for a lawful transaction, as compared to the fee charged to a similarly situated merchant or for a similar transaction, based on the assignment of a firearms code; or

(4) Otherwise taking any action against a customer or merchant that is intended to suppress lawful commerce involving firearms, firearm accessories or components, or ammunition.

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§31A-2B-8. Civil remedies.

(a) Subject to subsection (c) of this section, a customer may bring a civil action for damages, injunctive relief, or both damages and injunctive relief against any financial institution or government entity that causes the customer's protected financial information to be disclosed in violation of this article. For each violation, the individual may recover:

(1) Against any person who negligently or recklessly violates this article, liquidated damages of $10,000 or actual damages, whichever is greater; or

(2) Against any person who intentionally violates this article, liquidated damages of $25,000 for each or actual damages, whichever is greater.

(b) Subject to subsection (c) of this section, a customer or merchant aggrieved by a violation of §31A-2B-7 of this code may bring a civil action for damages, injunctive relief, or both damages and injunctive relief. Said person may recover liquidated damages of $50,000 or actual damages, whichever is greater.

(c) Right to cure. – Prior to an aggrieved party bringing a civil action pursuant to this section, a financial institution shall have the right to cure an alleged violation of this section, according to the procedures, restrictions, and requirements set forth in §46A-5-108(a) of this code: *Provided*, That both parties must follow the procedures set forth therein.

(d) Attorney's fees. – If a court finds that a violation of this article has occurred as the result of a civil action brought pursuant to subsection (a) or subsection (b) of this section, the court shall award reasonable attorney's fees to the aggrieved party. An award of attorney's fees is subject to the same limitations set forth in §46A-5-108(f) of this code.

(e) Statute of Limitations. – Any action under this article is barred unless the action is commenced within five years after the aggrieved party knows or reasonably should know of the violation. The statute of limitations provided herein is tolled for the 45-day period set forth in §46A-5-108(a) of this code or for the period the effectuation of the cure offer is being performed, whichever is longer.

(f) The remedies provided in this article are the exclusive civil remedies available to an aggrieved party for violations of this article.

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§31A-2B-9. Enforcement; contractual authority of the State.

(a) Notwithstanding any other provisions of this chapter, the Commissioner of Banking is authorized to administratively enforce the requirements of this article consistent with §31A-2-4 of this code.

(b) The Attorney General is authorized to investigate compliance with this article and may bring a civil action for injunctive relief to judicially enforce this article: *Provided*, That with regard to a national bank, the Attorney General is authorized to conduct investigations and take judicial enforcement action only to the extent permitted by 12 U.S.C. §25b(i). Upon awarding an injunction against a financial institution as the result of a judicial enforcement action pursuant to this subsection, a court may award the Attorney General reasonable attorney's fees.

(c) In selecting a financial institution to provide a financial service or product to the state related to payment card processing, the State Treasurer may disqualify a financial institution from the competitive bidding process or from any other official selection process if:

(1) During the past five years, a court of competent jurisdiction has entered an order or opinion finding that the financial institution violated this article;

(2) During the past five years, the Commissioner of Banking or the Attorney General, as the result of an investigation, has determined that a financial institution has violated this article;

(3) During the past five years, the financial institution has admitted to violating this article in the records of a court or other official proceeding; or

(4) The financial institution has publicly stated that it has adopted or intends to adopt policies or practices that violate this article.

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§31A-2B-10. Scope and Severability.

(a) Nothing in this article may be construed or applied in a manner that violates or conflicts with superseding federal law.

(b) The sections and provisions of this article are severable. If any section or provision of this article is held unconstitutional or invalid, such unconstitutionality or invalidity shall not affect the other sections and provisions of this article, which shall remain in full force and effect.

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