

FIRST REGULAR SESSION

SENATE BILL NO. 779

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR TRENT.

2910S.01H

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 361, RSMo, by adding thereto one new section relating to virtual currency.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 361, RSMo, is amended by adding thereto
2 one new section, to be known as section 361.1100, to read as
3 follows:

361.1100. 1. This section shall be known and may be
2 cited as the "Virtual Currency Kiosk Consumer Protection
3 Act".

4 2. For purposes of this section, the following terms
5 and phrases mean:

6 (1) "Bank Secrecy Act", the federal Bank Secrecy Act,
7 31 U.S.C. Section 5311, et seq., and its implementing rules
8 and regulations, as amended and recodified from time to time;

9 (2) "Blockchain", a distributed digital ledger or
10 database that is chronological, consensus-based,
11 decentralized, and mathematically verified in nature;

12 (3) "Blockchain analytics", a software service that
13 uses data from various virtual currencies and their
14 applicable blockchains to provide a risk rating specific to
15 digital wallet addresses from users of virtual currency
16 kiosks;

17 (4) "Digital wallet", hardware or software that
18 enables individuals to store and use virtual currency;

19 (5) "Digital wallet address", an alphanumeric
20 identifier representing a destination on a blockchain for a
21 virtual currency transfer that is associated with a digital
22 wallet;

23 (6) "Director", the director of the division;

24 (7) "Division", the division of finance within the
25 department of commerce and insurance;

26 (8) "Federal Deposit Insurance Corporation or
27 Securities Investor Protection Corporation", a bank, credit
28 union, savings and loan association, trust company, savings
29 association, savings bank, industrial bank, or industrial
30 loan company organized under the laws of the United States
31 or any state of the United States, if the bank, credit
32 union, savings and loan association, trust company, savings
33 association, savings bank, industrial bank, or industrial
34 loan company has federally insured deposits;

35 (9) "Fiat currency", a medium of exchange that is
36 authorized or adopted by the United States government as
37 part of its currency and is not backed by a commodity;

38 (10) "Individual", a natural person;

39 (11) "NMLS", the Nationwide Multistate Licensing
40 System and Registry developed by the Conference of State
41 Bank Supervisors and the American Association of Residential
42 Mortgage Regulators and owned and operated by the State
43 Regulatory Registry, LLC, or any successor or affiliated
44 entity, for the licensing and registration of persons in
45 financial services industries;

46 (12) "United States PATRIOT Act", the federal Uniting
47 and Strengthening America by Providing Appropriate Tools
48 Required to Intercept and Obstruct Terrorism Act of 2001 and
49 its implementing rules and regulations, as amended and
50 recodified from time to time;

51 (13) "Virtual currency",
52 (a) Any type of digital unit that is used as a medium
53 of exchange or a form of digitally stored value or that is
54 incorporated into payment system technology. Virtual
55 currency shall be construed to include digital units of
56 exchange that:
57 a. Have a centralized repository or administrator;
58 b. Are decentralized and have no centralized
59 repository or administrator; or
60 c. May be created or obtained by computing or
61 manufacturing effort;
62 (b) Virtual currency shall not be construed to include
63 digital units that are used:
64 a. Solely within online gaming platforms with no
65 market or application outside such gaming platforms; or
66 b. Exclusively as part of a consumer affinity or
67 rewards program, and can be applied solely as payment for
68 purchases with the issuer or other designated merchants, but
69 cannot be converted into or redeemed for fiat currency;
70 (14) "Virtual currency kiosk", an electronic terminal
71 of the virtual currency kiosk operator that enables the
72 owner or operator to facilitate the exchange of fiat
73 currency for virtual currency or virtual currency for fiat
74 currency or other virtual currency, including, but not
75 limited to:
76 (a) Connecting directly to a separate virtual currency
77 exchange that performs the actual virtual currency
78 transmission; or
79 (b) Drawing upon the virtual currency in the
80 possession of the owner or operator of the electronic
81 terminal;

82 (15) "Virtual currency kiosk operator", a corporation,
83 limited liability company, limited liability partnership, or
84 foreign entity qualified to do business in this state that
85 operates a virtual currency kiosk within this state.

86 3. (1) Except as otherwise provided in this section,
87 all information or reports obtained by the division from a
88 virtual currency kiosk operator, and all information
89 contained in or related to an examination, investigation,
90 operating report, or condition report prepared by, on behalf
91 of, or for the use of the division in relation to a virtual
92 currency kiosk operator, are confidential and are not
93 subject to disclosure under chapter 610.

94 (2) Information contained in the records of the
95 division that is not confidential and may be available to
96 the public either on the division's website, upon receipt by
97 the division of a written request, or in NMLS shall include:

98 (a) The name, business address, telephone number, and
99 unique identifier of a virtual currency kiosk operator;

100 (b) The business address of a virtual currency kiosk
101 operator's registered agent for service; and

102 (c) Copies of any final orders of the division
103 relating to any violation of this section or regulations
104 implementing this section.

105 4. If any provision of this section is inconsistent
106 with any federal law, including but not limited to the Bank
107 Secrecy Act or the United States PATRIOT Act, the applicable
108 federal law shall govern to the extent of any inconsistency.

109 5. (1) The director may request evidence of
110 compliance with this section or a rule adopted or order
111 issued pursuant to this section as reasonably necessary or
112 appropriate to administer and enforce this section, and

113 other applicable law, including the Bank Secrecy Act and the
114 United States PATRIOT Act.

115 (2) A virtual currency kiosk operator shall provide
116 the director all records the director may reasonably require
117 to ensure compliance with this section.

118 6. As part of establishing a relationship with a
119 customer, and prior to entering into an initial transaction
120 for, on behalf of, or with such customer, each virtual
121 currency kiosk operator shall disclose in clear,
122 conspicuous, and legible writing in the English language,
123 whether in accessible terms of service or elsewhere, all
124 material risks associated with its products, services, and
125 activities and virtual currency generally, including
126 disclosures substantially similar to the following:

127 (1) Virtual currency is not legal tender, is not
128 backed by the government, and accounts and value balances
129 are not subject to Federal Deposit Insurance Corporation or
130 Securities Investor Protection Corporation protections;

131 (2) Legislative and regulatory changes or actions at
132 the state, federal, or international level may adversely
133 affect the use, transfer, exchange, and value of virtual
134 currency;

135 (3) Transactions in virtual currency may be
136 irreversible, and, accordingly, losses due to fraudulent or
137 accidental transactions may not be recoverable;

138 (4) Some virtual currency transactions shall be deemed
139 to be made when recorded on a public ledger, which is not
140 necessarily the date or time that the customer initiates the
141 transaction;

142 (5) The value of virtual currency may be derived from
143 the continued willingness of market participants to exchange
144 fiat currency for virtual currency, which may result in the

145 potential for permanent and total loss of value of a
146 particular virtual currency should the market for that
147 virtual currency disappear;

148 (6) There is no assurance that a person who accepts a
149 virtual currency as payment today will continue to do so in
150 the future;

151 (7) The volatility and unpredictability of the price
152 of virtual currency relative to fiat currency may result in
153 significant loss over a short period of time;

154 (8) The nature of virtual currency may lead to an
155 increased risk of fraud or cyber attack;

156 (9) The nature of virtual currency means that any
157 technological difficulties experienced by the virtual
158 currency kiosk operator may prevent the access or use of a
159 customer's virtual currency; and

160 (10) Any bond or trust account maintained by the
161 virtual currency kiosk operator for the benefit of its
162 customers may not be sufficient to cover all losses incurred
163 by customers.

164 7. When opening an account for a new customer, and
165 prior to entering into an initial transaction for, on behalf
166 of, or with such customer, each virtual currency kiosk
167 operator shall disclose in clear, conspicuous, and legible
168 writing in the English language, whether in accessible terms
169 of service or elsewhere, all relevant terms and conditions
170 associated with its products, services, and activities and
171 virtual currency generally, including disclosures
172 substantially similar to the following:

173 (1) The customer's liability for unauthorized virtual
174 currency transactions;

175 (2) Under what circumstances the virtual currency
176 kiosk operator will, absent a court or government order,

177 disclose information concerning the customer's account to
178 third parties;

179 (3) The customer's right to receive periodic account
180 statements and valuations from the virtual currency kiosk
181 operator;

182 (4) The customer's right to receive a receipt, trade
183 ticket, or other evidence of a transaction;

184 (5) The customer's right to prior notice of a change
185 in the virtual currency kiosk operator's rules or policies;
186 and

187 (6) Such other disclosures as are customarily given in
188 connection with the opening of customer accounts.

189 8. Prior to entering into a virtual currency
190 transaction with a customer, each virtual currency kiosk
191 operator shall ensure a warning is disclosed to a customer
192 substantially similar to the following:

193 Customer Notice. Please Read Carefully.

194 Did you receive a phone call from your bank,
195 software provider, the police, or were you
196 directed to make a payment for Social Security,
197 utility bill, investment, warrants, or bail money
198 at this kiosk? STOP

199 Is anyone on the phone pressuring you to make a
200 payment of any kind? STOP

201 I understand that the purchase and sale of
202 cryptocurrency is a final irreversible and non-
203 refundable transaction.

204 I confirm I am sending funds to a wallet I own or
205 directly have control over. I confirm that I am
206 using funds gained from my own initiative to make
207 my transaction.

208 9. Upon completion of any virtual currency kiosk
209 transaction, each virtual currency kiosk operator shall

210 provide to a customer a digital or physical receipt
211 containing the following information:

212 (1) The name and contact information of the virtual
213 currency kiosk operator, including a telephone number
214 established by the virtual currency kiosk operator to answer
215 questions and register complaints;

216 (2) The type, value, date, and precise time of the
217 transaction in the local time zone;

218 (3) The fee charged;

219 (4) The exchange rate, if applicable;

220 (5) A statement of the liability of the virtual
221 currency kiosk operator for non-delivery or delayed
222 delivery; and

223 (6) A statement of the refund policy of the virtual
224 currency kiosk operator.

225 10. All virtual currency kiosk operators shall use
226 blockchain analytics software to assist in the prevention of
227 sending purchased virtual currency from a virtual currency
228 kiosk operator to a digital wallet known to be affiliated
229 with fraudulent activity at the time of a transaction. The
230 division may request evidence from any virtual currency
231 kiosk operator of current use of blockchain analytics.

232 11. All virtual currency kiosk operators performing
233 business in this state shall provide live customer service
234 at a minimum on Monday through Friday between the hours of
235 8:00 a.m. and 10:00 p.m. The customer service toll-free
236 number shall be displayed on the virtual currency kiosk or
237 the virtual currency kiosk screens.

238 12. All virtual currency kiosk operators shall take
239 reasonable steps to detect and prevent fraud, including
240 establishing and maintaining a written anti-fraud policy.
241 The anti-fraud policy shall, at a minimum, include:

(1) The identification and assessment of fraud-related risk areas;

(2) Procedures and controls to protect against identified risks;

(3) Allocation of responsibility for monitoring risks; and

(4) Procedures for the periodic evaluation and revision of the anti-fraud procedures, controls, and monitoring mechanisms.

13. (1) Each virtual currency kiosk operator shall maintain, implement, and enforce a written "Enhanced Due Diligence Policy". Such a policy shall be reviewed and approved by the virtual currency kiosk operator's board of directors or an equivalent governing body of the virtual currency kiosk operator.

(2) The "Enhanced Due Diligence Policy" shall identify, at minimum, individuals who are at risk of fraud based on age or mental capacity.

14. (1) Each virtual currency kiosk operator shall comply with the provisions of this section, any lawful order, rule, or regulation made or issued under the provisions of this section, and all applicable federal and state laws, rules, and regulations.

(2) Each virtual currency kiosk shall maintain, implement, and enforce written compliance policies and procedures. Such policies and procedures shall be reviewed and approved by the virtual currency kiosk operator's board of directors or an equivalent governing body of the virtual currency kiosk operator.

15. (1) Each virtual currency kiosk operator shall designate and employ a compliance officer with the following requirements:

274 (a) The individual shall be qualified to coordinate
275 and monitor compliance with this section and all other
276 applicable federal and state laws, rules, and regulations;

277 (b) The individual shall be employed full-time by the
278 virtual currency kiosk operator; and

279 (c) The designated compliance officer cannot be any
280 individual who owns more than twenty percent of the virtual
281 currency kiosk operator by whom the individual is employed.

282 (2) Compliance responsibilities required under federal
283 and state laws, rules, and regulations shall be completed by
284 full-time employees of the virtual currency kiosk operator.

285 16. Each virtual currency kiosk operator shall
286 designate and employ a consumer protection officer with each
287 of the following requirements:

288 (1) The individual shall be qualified to coordinate
289 and monitor compliance with this section and all other
290 applicable federal and state laws, rules, and regulations;

291 (2) The individual shall be employed full-time by the
292 virtual currency kiosk operators; and

293 (3) The designated consumer protection officer cannot
294 be an individual who owns more than twenty percent of the
295 virtual currency kiosk operator by whom the individual is
296 employed.

297 17. (1) Each virtual currency kiosk operator shall
298 submit a report to the division of the location of each
299 virtual currency kiosk located within this state within
300 forty-five days of the end of the calendar quarter. The
301 director shall formulate a system for virtual currency kiosk
302 operators to submit such locations that is consistent with
303 the requirements of this section.

304 (2) The location report shall include, at a minimum,
305 the following information regarding the location where a
306 virtual currency kiosk is located:

- 307 (a) Company legal name;
- 308 (b) Any fictitious or trade name;
- 309 (c) Physical address;
- 310 (d) Start date of operation of virtual currency kiosk
311 at location; and
- 312 (e) End date of operation of virtual currency kiosk at
313 location, if applicable.

314 18. (1) Any virtual currency kiosk operator who owns,
315 operates, solicits, markets, advertises, or facilitates
316 virtual currency kiosks in this state shall be deemed to be
317 engaged in money transmission and require licensure pursuant
318 to sections 361.900 to 361.1035.

319 (2) All unlicensed virtual currency kiosk operators
320 shall apply for a money transmitter license within sixty
321 days after this section goes into effect. Virtual currency
322 kiosk operators who apply within this time will be allowed
323 to continue operations while the division reviews the
324 application. Any virtual currency kiosk operators whose
325 application is denied by the division shall cease operations
326 until granted a money transmitter license.

327 19. The division of finance may promulgate rules for
328 the purpose of implementing the provisions of this section.
329 Any rule or portion of a rule, as that term is defined in
330 section 536.010, that is created under the authority
331 delegated in this section shall become effective only if it
332 complies with and is subject to all of the provisions of
333 chapter 536 and, if applicable, section 536.028. This
334 section and chapter 536 are nonseverable and if any of the
335 powers vested with the general assembly pursuant to chapter

336 536 to review, to delay the effective date, or to disapprove
337 and annul a rule are subsequently held unconstitutional,
338 then the grant of rulemaking authority and any rule proposed
339 or adopted after August 28, 2025, shall be invalid and void.

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