

SECOND REGULAR SESSION

SENATE BILL NO. 1510

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR HENDERSON.

6490S.011

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 361.1100, RSMo, and to enact in lieu thereof one new section relating to virtual currency kiosks.

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

Section A. Section 361.1100, RSMo, is repealed and one
2 new section enacted in lieu thereof, to be known as section
3 361.1100, to read as 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

its implementing rules and regulations, as amended and
recodified from time to time;

(13) "Virtual currency",

(a) Any type of digital unit that is used as a medium
of exchange or a form of digitally stored value or that is
incorporated into payment system technology. Virtual
currency shall be construed to include digital units of
exchange that:

a. Have a centralized repository or administrator;

b. Are decentralized and have no centralized
repository or administrator; or

c. May be created or obtained by computing or
manufacturing effort;

(b) Virtual currency shall not be construed to include
digital units that are used:

a. Solely within online gaming platforms with no
market or application outside such gaming platforms; or

b. Exclusively as part of a consumer affinity or
rewards program, and can be applied solely as payment for
purchases with the issuer or other designated merchants, but
cannot be converted into or redeemed for fiat currency;

(14) "Virtual currency kiosk", an electronic terminal
of the virtual currency kiosk operator that enables the
owner or operator to facilitate the exchange of fiat
currency for virtual currency or virtual currency for fiat
currency or other virtual currency, including, but not
limited to:

(a) Connecting directly to a separate virtual currency
exchange that performs the actual virtual currency
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
107 Bank Secrecy Act or the United States PATRIOT Act, the
108 applicable federal law shall govern to the extent of any
109 inconsistency.

110 5. (1) The director may request evidence of
111 compliance with this section or a rule adopted or order
112 issued pursuant to this section as reasonably necessary or
113 appropriate to administer and enforce this section, and
114 other applicable law, including the Bank Secrecy Act and the
115 United States PATRIOT Act.

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

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

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

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

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

139 (4) Some virtual currency transactions shall be deemed
140 to be made when recorded on a public ledger, which is not

necessarily the date or time that the customer initiates the transaction;

(5) The value of virtual currency may be derived from the continued willingness of market participants to exchange fiat currency for virtual currency, which may result in the potential for permanent and total loss of value of a particular virtual currency should the market for that virtual currency disappear;

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

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

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

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

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

7. When opening an account for a new customer, and prior to entering into an initial transaction for, on behalf of, or with such customer, each virtual currency kiosk operator shall disclose in clear, conspicuous, and legible writing in the English language, whether in accessible terms of service or elsewhere, all relevant terms and conditions associated with its products, services, and activities and

172 virtual currency generally, including disclosures
173 substantially similar to the following:

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

176 (2) Under what circumstances the virtual currency
177 kiosk operator will, absent a court or government order,
178 disclose information concerning the customer's account to
179 third parties;

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

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

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

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

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

194 Customer Notice. Please Read Carefully.

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

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

203 I understand that the purchase and sale of
204 cryptocurrency is a final irreversible and
205 nonrefundable transaction.

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

210 9. Upon completion of any virtual currency kiosk
211 transaction, each virtual currency kiosk operator shall
212 provide to a customer a digital or physical receipt
213 containing the following information:

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

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

220 (3) The fee charged;

221 (4) The exchange rate, if applicable;

222 (5) A statement of the liability of the virtual
223 currency kiosk operator for nondelivery or delayed delivery;
224 and

225 (6) A statement of the refund policy of the virtual
226 currency kiosk operator.

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

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

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

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

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

248 (3) Allocation of responsibility for monitoring risks;
249 and

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

253 13. (1) Each virtual currency kiosk operator shall
254 maintain, implement, and enforce a written "enhanced due
255 diligence policy". Such a policy shall be reviewed and
256 approved by the virtual currency kiosk operator's board of
257 directors or an equivalent governing body of the virtual
258 currency kiosk operator.

259 (2) The enhanced due diligence policy shall identify,
260 at minimum, individuals who are at risk of fraud based on
261 age or mental capacity.

262 14. (1) Each virtual currency kiosk operator shall
263 comply with the provisions of this section, any lawful
264 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:

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

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

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

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

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

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

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

(3) The designated consumer protection officer cannot be an individual who owns more than twenty percent of the

297 virtual currency kiosk operator by whom the individual is
298 employed.

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

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

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

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

321 (2) All unlicensed virtual currency kiosk operators
322 shall apply for a money transmitter license within sixty
323 days after August 28, 2025. Virtual currency kiosk
324 operators who apply within this time will be allowed to
325 continue operations while the division reviews the
326 application. Any virtual currency kiosk operator whose
327 application is denied by the division shall cease operations
328 until granted a money transmitter license.

19. The division of finance may promulgate rules for the purpose of implementing the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be invalid and void.

20. (1) If the attorney general has reasonable belief that a virtual currency kiosk operator is in violation of this section, the attorney general has the sole authority to bring civil action to provide for any or all of the following:

- (a) Enjoin further violations by the operator;**
- (b) Enforce compliance with this section;**
- (c) Seek civil penalties in an amount not more than ten thousand dollars for each violation of this section; or**
- (d) Other remedies permitted under law.**

(2) If the attorney general has reasonable belief that a person is in violation of an injunction issued pursuant to this subsection, the attorney general has the sole authority to bring civil action to provide for civil penalties in an amount not more than one hundred thousand dollars.

(3) An individual that has knowledge of a violation of this section may report the violation to the attorney general.

360 (4) The attorney general shall establish an electronic
361 reporting system for the submission of reports pursuant to
362 this subsection.

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