

SECOND REGULAR SESSION

# SENATE BILL NO. 1510

## 103RD GENERAL ASSEMBLY

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INTRODUCED BY SENATOR HENDERSON.

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KRISTINA MARTIN, Secretary

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### AN ACT

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

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*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Section A. Section 361.1100, RSMo, is repealed and one  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;

- (4) "Digital wallet", hardware or software that enables individuals to store and use virtual currency;
- (5) "Digital wallet address", an alphanumeric identifier representing a destination on a blockchain for a virtual currency transfer that is associated with a digital wallet;
- (6) "Director", the director of the division;
- (7) "Division", the division of finance within the department of commerce and insurance;
- (8) "Federal Deposit Insurance Corporation or Securities Investor Protection Corporation", a bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company organized under the laws of the United States or any state of the United States, if the bank, credit union, savings and loan association, trust company, savings association, savings bank, industrial bank, or industrial loan company has federally insured deposits;
- (9) "Fiat currency", a medium of exchange that is authorized or adopted by the United States government as part of its currency and is not backed by a commodity;
- (10) "Individual", a natural person;
- (11) "NMLS", the Nationwide Multistate Licensing System and Registry 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;
- (12) "United States PATRIOT Act", the federal Uniting and Strengthening America by Providing Appropriate Tools 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  
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

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

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

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

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

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

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

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

165 7. When opening an account for a new customer, and  
166 prior to entering into an initial transaction for, on behalf  
167 of, or with such customer, each virtual currency kiosk  
168 operator shall disclose in clear, conspicuous, and legible  
169 writing in the English language, whether in accessible terms  
170 of service or elsewhere, all relevant terms and conditions  
171 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

265 provisions of this section, and all applicable federal and  
266 state laws, rules, and regulations.

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

273 15. (1) Each virtual currency kiosk operator shall  
274 designate and employ a compliance officer with the following  
275 requirements:

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

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

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

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

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

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

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

295 (3) The designated consumer protection officer cannot  
296 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.

329       19. The division of finance may promulgate rules for  
330 the purpose of implementing the provisions of this section.  
331 Any rule or portion of a rule, as that term is defined in  
332 section 536.010, that is created under the authority  
333 delegated in this section shall become effective only if it  
334 complies with and is subject to all of the provisions of  
335 chapter 536 and, if applicable, section 536.028. This  
336 section and chapter 536 are nonseverable and if any of the  
337 powers vested with the general assembly pursuant to chapter  
338 536 to review, to delay the effective date, or to disapprove  
339 and annul a rule are subsequently held unconstitutional,  
340 then the grant of rulemaking authority and any rule proposed  
341 or adopted after August 28, 2025, shall be invalid and void.

342       **20. (1) If the attorney general has reasonable belief  
343 that a virtual currency kiosk operator is in violation of  
344 this section, the attorney general has the sole authority to  
345 bring civil action to provide for any or all of the  
346 following:**

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

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

357       **(3) An individual that has knowledge of a violation of  
358 this section may report the violation to the attorney  
359 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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