

FIRST REGULAR SESSION

# HOUSE BILL NO. 1428

## 103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CASTEEL.

3009H.011

JOSEPH ENGLER, Chief Clerk

### 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 one new section, to be  
2 known as section 361.1100, to read as follows:

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

**3 2. For purposes of this section, the following terms and phrases mean:**

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

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

**9 (3) "Blockchain analytics", a software service that uses data from various  
10 virtual currencies and their applicable blockchains to provide a risk rating specific to  
11 digital wallet addresses from users of virtual currency kiosks;**

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

**14 (5) "Digital wallet address", an alphanumeric identifier representing a  
15 destination on a blockchain for a virtual currency transfer that is associated with a  
16 digital wallet;**

**17 (6) "Director", the director of the division;**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

20           (8) "Federal Deposit Insurance Corporation or Securities Investor Protection  
21 Corporation", a bank, credit union, savings and loan association, trust company,  
22 savings association, savings bank, industrial bank, or industrial loan company  
23 organized under the laws of the United States or any state of the United States, if the  
24 bank, credit union, savings and loan association, trust company, savings association,  
25 savings bank, industrial bank, or industrial loan company has federally insured  
26 deposits;

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

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

30           (11) "NMLS", the Nationwide Multistate Licensing System and Registry  
31 developed by the Conference of State Bank Supervisors and the American Association  
32 of Residential Mortgage Regulators and owned and operated by the State Regulatory  
33 Registry, LLC, or any successor or affiliated entity, for the licensing and registration of  
34 persons in financial services industries;

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

39           (13) "Virtual currency",

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

43           a. Have a centralized repository or administrator;

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

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

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

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

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

52           (14) "Virtual currency kiosk", an electronic terminal of the virtual currency  
53 kiosk operator that enables the owner or operator to facilitate the exchange of fiat

54 currency for virtual currency or virtual currency for fiat currency or other virtual  
55 currency, including, but not limited to:

56 (a) Connecting directly to a separate virtual currency exchange that performs  
57 the actual virtual currency transmission; or

58 (b) Drawing upon the virtual currency in the possession of the owner or operator  
59 of the electronic terminal;

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

63 3. (1) Except as otherwise provided in this section, all information or reports  
64 obtained by the division from a virtual currency kiosk operator, and all information  
65 contained in or related to an examination, investigation, operating report, or condition  
66 report prepared by, on behalf of, or for the use of the division in relation to a virtual  
67 currency kiosk operator, are confidential and are not subject to disclosure under  
68 chapter 610.

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

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

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

76 (c) Copies of any final orders of the division relating to any violation of this  
77 section or regulations implementing this section.

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

81 5. (1) The director may request evidence of compliance with this section or a  
82 rule adopted or order issued pursuant to this section as reasonably necessary or  
83 appropriate to administer and enforce this section, and other applicable law, including  
84 the Bank Secrecy Act and the United States PATRIOT Act.

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

87 6. As part of establishing a relationship with a customer, and prior to entering  
88 into an initial transaction for, on behalf of, or with such customer, each virtual currency  
89 kiosk operator shall disclose in clear, conspicuous, and legible writing in the English  
90 language, whether in accessible terms of service or elsewhere, all material risks

91 associated with its products, services, and activities and virtual currency generally,  
92 including disclosures substantially similar to the following:

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

96 (2) Legislative and regulatory changes or actions at the state, federal, or  
97 international level may adversely affect the use, transfer, exchange, and value of virtual  
98 currency;

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

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

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

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

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

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

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

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

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

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

127           **(2) Under what circumstances the virtual currency kiosk operator will, absent a**  
128 **court or government order, disclose information concerning the customer's account to**  
129 **third parties;**

130           **(3) The customer's right to receive periodic account statements and valuations**  
131 **from the virtual currency kiosk operator;**

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

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

136           **(6) Such other disclosures as are customarily given in connection with the**  
137 **opening of customer accounts.**

138           **8. Prior to entering into a virtual currency transaction with a customer, each**  
139 **virtual currency kiosk operator shall ensure a warning is disclosed to a customer**  
140 **substantially similar to the following:**

141           **Customer Notice. Please Read Carefully.**

142           **Did you receive a phone call from your bank, software provider, the**  
143 **police, or were you directed to make a payment for social security,**  
144 **utility bill, investment, warrants, or bail money at this kiosk? STOP**  
145 **Is anyone on the phone pressuring you to make a payment of any kind?**  
146 **STOP**

147           **I understand that the purchase and sale of cryptocurrency is a final**  
148 **irreversible and non-refundable transaction.**

149           **I confirm I am sending funds to a wallet I own or directly have control**  
150 **over. I confirm that I am using funds gained from my own initiative to**  
151 **make my transaction.**

152           **9. Upon completion of any virtual currency kiosk transaction, each virtual**  
153 **currency kiosk operator shall provide to a customer a digital or physical receipt**  
154 **containing the following information:**

155           **(1) The name and contact information of the virtual currency kiosk operator,**  
156 **including a telephone number established by the virtual currency kiosk operator to**  
157 **answer questions and register complaints;**

158           **(2) The type, value, date, and precise time of the transaction in the local time**  
159 **zone;**

160           **(3) The fee charged;**

161           **(4) The exchange rate, if applicable;**

162           **(5) A statement of the liability of the virtual currency kiosk operator for non-**  
163 **delivery or delayed delivery; and**

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

165 10. All virtual currency kiosk operators shall use blockchain analytics software  
166 to assist in the prevention of sending purchased virtual currency from a virtual currency  
167 kiosk operator to a digital wallet known to be affiliated with fraudulent activity at the  
168 time of a transaction. The division may request evidence from any virtual currency  
169 kiosk operator of current use of blockchain analytics.

170 11. All virtual currency kiosk operators performing business in this state shall  
171 provide live customer service at a minimum on Monday through Friday between the  
172 hours of 8:00 a.m. and 10:00 p.m. The customer service toll free number shall be  
173 displayed on the virtual currency kiosk or the virtual currency kiosk screens.

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

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

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

179 (3) Allocation of responsibility for monitoring risks; and

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

182 13. (1) Each virtual currency kiosk operator shall maintain, implement, and  
183 enforce a written "Enhanced Due Diligence Policy". Such a policy shall be reviewed  
184 and approved by the virtual currency kiosk operator's board of directors or an  
185 equivalent governing body of the virtual currency kiosk operator.

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

188 14. (1) Each virtual currency kiosk operator shall comply with the provisions of  
189 this section, any lawful order, rule, or regulation made or issued under the provisions of  
190 this section, and all applicable federal and state laws, rules, and regulations.

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

195 15. (1) Each virtual currency kiosk operator shall designate and employ a  
196 compliance officer with the following requirements:

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

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

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

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

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

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

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

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

216 17. (1) Each virtual currency kiosk operator shall submit a report to the division  
217 of the location of each virtual currency kiosk located within this state within forty-five  
218 days of the end of the calendar quarter. The director shall formulate a system for  
219 virtual currency kiosk operators to submit such locations that is consistent with the  
220 requirements of this section.

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

223 (a) Company legal name;

224 (b) Any fictitious or trade name;

225 (c) Physical address;

226 (d) Start date of operation of virtual currency kiosk at location; and

227 (e) End date of operation of virtual currency kiosk at location, if applicable.

228 18. (1) Any virtual currency kiosk operator who owns, operates, solicits,  
229 markets, advertises, or facilitates virtual currency kiosks in this state shall be deemed to  
230 be engaged in money transmission and require licensure pursuant to sections 361.900 to  
231 361.1035.

232 (2) All unlicensed virtual currency kiosk operators shall apply for a money  
233 transmitter license within sixty days after this section goes into effect. Virtual currency  
234 kiosk operators who apply within this time will be allowed to continue operations while  
235 the division reviews the application. Any virtual currency kiosk operator whose  
236 application is denied by the division shall cease operations until granted a money  
237 transmitter license.

238           **19. The division of finance may promulgate rules for the purpose of**  
239 **implementing the provisions of this section. Any rule or portion of a rule, as that**  
240 **term is defined in section 536.010, that is created under the authority delegated in this**  
241 **section shall become effective only if it complies with and is subject to all of the**  
242 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**  
243 **536 are nonseverable and if any of the powers vested with the general assembly**  
244 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**  
245 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**  
246 **and any rule proposed or adopted after August 28, 2025, shall be invalid and void.**

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