

HOUSE BILL NO. 3043

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HAUSMAN.

6651H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

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

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

Section A. Section 361.1100, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 361.1100, to read as follows:

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

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

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

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

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

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.

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

19 (8) **"Existing customer", an individual whose first virtual currency kiosk
20 transaction with the virtual currency kiosk operator was more than fourteen days prior;**

21 ~~[(8)]~~ (9) "Federal Deposit Insurance Corporation or Securities Investor Protection
22 Corporation", a bank, credit union, savings and loan association, trust company, savings
23 association, savings bank, industrial bank, or industrial loan company organized under the
24 laws of the United States or any state of the United States, if the bank, credit union, savings
25 and loan association, trust company, savings association, savings bank, industrial bank, or
26 industrial loan company has federally insured deposits;

27 ~~[(9)]~~ (10) "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)]~~ (11) "Individual", a natural person;

30 (12) **"New customer", an individual during the fourteen-day period after such
31 individual's first transaction with the virtual currency kiosk operator that the
32 individual has never previously transacted with. The individual shall remain defined
33 as a new customer during the fourteen-day period after the first virtual currency kiosk
34 transaction with the virtual currency kiosk operator;**

35 ~~[(11)]~~ (13) "NMLS", the Nationwide Multistate Licensing System and Registry
36 developed by the Conference of State Bank Supervisors and the American Association of
37 Residential Mortgage Regulators and owned and operated by the State Regulatory Registry,
38 LLC, or any successor or affiliated entity, for the licensing and registration of persons in
39 financial services industries;

40 ~~[(12)]~~ (14) "United States PATRIOT Act", the federal Uniting and Strengthening
41 America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of
42 2001 and its implementing rules and regulations, as amended and recodified from time to
43 time;

44 ~~[(13)]~~ (15) "Virtual currency",

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

- 48 a. Have a centralized repository or administrator;
49 b. Are decentralized and have no centralized repository or administrator; or
50 c. May be created or obtained by computing or manufacturing effort;

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

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

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

57 ~~[(14)]~~ **(16)** "Virtual currency kiosk", an electronic terminal of the virtual currency
58 kiosk operator that enables the owner or operator to facilitate the exchange of fiat currency for
59 virtual currency or virtual currency for fiat currency or other virtual currency, including, but
60 not limited to:

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

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

65 ~~[(15)]~~ **(17)** "Virtual currency kiosk operator", a corporation, limited liability
66 company, limited liability partnership, or foreign entity qualified to do business in this state
67 that operates a virtual currency kiosk within this state.

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

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

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

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

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

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

85 5. (1) The director may request evidence of compliance with this section or a rule
86 adopted or order issued pursuant to this section as reasonably necessary or appropriate to
87 administer and enforce this section, and other applicable law, including the Bank Secrecy Act
88 and the United States PATRIOT Act.

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

91 6. As part of establishing a relationship with a customer, and prior to entering into an
92 initial transaction for, on behalf of, or with such customer, each virtual currency kiosk
93 operator shall disclose in clear, conspicuous, and legible writing in the English language,
94 whether in accessible terms of service or elsewhere, all material risks associated with its
95 products, services, and activities and virtual currency generally, including disclosures
96 substantially similar to the following:

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

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

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

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

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

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

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

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

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

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

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

- 128 (1) The customer's liability for unauthorized virtual currency transactions;
129 (2) Under what circumstances the virtual currency kiosk operator will, absent a court
130 or government order, disclose information concerning the customer's account to third parties;
131 (3) The customer's right to receive periodic account statements and valuations from
132 the virtual currency kiosk operator;
133 (4) The customer's right to receive a receipt, trade ticket, or other evidence of a
134 transaction;
135 (5) The customer's right to prior notice of a change in the virtual currency kiosk
136 operator's rules or policies; and
137 (6) Such other disclosures as are customarily given in connection with the opening of
138 customer accounts.

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

142 Customer Notice. Please Read Carefully.
143 Did you receive a phone call from your bank, software provider,
144 the police, or were you directed to make a payment for Social
145 Security, utility bill, investment, warrants, or bail money at this
146 kiosk? STOP
147 Is anyone on the phone pressuring you to make a payment of any
148 kind? STOP
149 I understand that the purchase and sale of cryptocurrency is a
150 final irreversible and nonrefundable transaction.
151 I confirm I am sending funds to a wallet I own or directly have
152 control over. I confirm that I am using funds gained from my
153 own initiative to make my transaction.

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

- 157 (1) The name and contact information of the virtual currency kiosk operator,
158 including a telephone number established by the virtual currency kiosk operator to answer
159 questions and register complaints;
160 (2) The type, value, date, and precise time of the transaction in the local time zone;
161 (3) The fee charged;
162 (4) The exchange rate, if applicable;
163 (5) A statement of the liability of the virtual currency kiosk operator for nondelivery
164 or delayed delivery; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

201 and

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

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

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

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

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

215 17. (1) Each virtual currency kiosk operator shall submit a report to the division of
216 the location of each virtual currency kiosk located within this state within forty-five days of
217 the end of the calendar quarter. The director shall formulate a system for virtual currency
218 kiosk operators to submit such locations that is consistent with the requirements of this
219 section.

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

222 (a) Company legal name;

223 (b) Any fictitious or trade name;

224 (c) Physical address;

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

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

227 18. (1) Any virtual currency kiosk operator who owns, operates, solicits, markets,
228 advertises, or facilitates virtual currency kiosks in this state shall be deemed to be engaged in
229 money transmission and require licensure pursuant to sections 361.900 to 361.1035.

230 (2) All unlicensed virtual currency kiosk operators shall apply for a money
231 transmitter license within sixty days after August 28, 2025. Virtual currency kiosk operators
232 who apply within this time will be allowed to continue operations while the division reviews
233 the application. Any virtual currency kiosk operator whose application is denied by the
234 division shall cease operations until granted a money transmitter license.

235 19. The division of finance may promulgate rules for the purpose of implementing the
236 provisions of this section. Any rule or portion of a rule, as that term is defined in section
237 536.010, that is created under the authority delegated in this section shall become effective
238 only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable,

239 section 536.028. This section and chapter 536 are nonseverable and if any of the powers
240 vested with the general assembly pursuant to chapter 536 to review, to delay the effective
241 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant
242 of rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be
243 invalid and void.

244 **20. (1) If the attorney general has reasonable belief that a virtual currency kiosk**
245 **operator is in violation of this section, the attorney general has the sole authority to**
246 **bring civil action to provide for any or all of the following:**

247 (a) Enjoin further violations by the operator;

248 (b) Enforce compliance with this section;

249 (c) Seek civil penalties in an amount not more than ten thousand dollars for each
250 violation of this section; or

251 (d) Other remedies permitted under law.

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

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

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

260 **21. A virtual currency kiosk operator shall not accept transactions in a day in**
261 **connection with virtual currency kiosk transactions for a single customer in this state**
262 **via one or more virtual currency kiosks exceeding:**

263 (1) For new customers, two thousand United States dollars or the equivalent in
264 virtual currency; or

265 (2) For existing customers, ten thousand five hundred dollars or the equivalent
266 in virtual currency.

✓