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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
01/23/2024	.	
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The Committee on Banking and Insurance (Burton) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Present subsections (4) through (28) and (29) through (36) of section 560.103, Florida Statutes, are redesignated as subsections (5) through (29) and (31) through (38), respectively, new subsections (4) and (30) and subsections (39) through (42) are added to that section, and present subsection (10) of that section is amended, to read:



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11 560.103 Definitions.—As used in this chapter, the term:
12 (4) "Blockchain analytics" refers to the process of
13 examining, monitoring, and gathering insights from the data and
14 transaction patterns on a blockchain network. The primary aim of
15 blockchain analytics is to understand and monitor the network's
16 health, track transaction flows, and identify potential security
17 threats, including illicit activity, to extract actionable
18 insights.

19 ~~(11)~~~~(10)~~ "Control person" means, with respect to a money
20 services business or virtual currency kiosk business, any of the
21 following:

22 (a) A person who holds the title of president, treasurer,
23 chief executive officer, chief financial officer, chief
24 operations officer, chief legal officer, or compliance officer
25 for a money services business or virtual currency kiosk
26 business.

27 (b) A person who holds any of the officer, general partner,
28 manager, or managing member positions named in the money
29 services business's or virtual currency kiosk business's
30 governing documents. As used in this paragraph, the term
31 "governing documents" includes bylaws, articles of incorporation
32 or organization, partnership agreements, shareholder agreements,
33 and management or operating agreements.

34 (c) A director of the money services business's or virtual
35 currency kiosk business's board of directors.

36 (d) A shareholder in whose name shares are registered in
37 the records of a corporation for profit, whether incorporated
38 under the laws of this state or organized under the laws of any
39 other jurisdiction and existing in that legal form, who owns 25



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40 percent or more of a class of the company's equity securities.

41 (e) A general partner or a limited partner, as those terms
42 are defined in s. 620.1102, who has a 25 percent or more
43 transferable interest, as defined in s. 620.1102, of a limited
44 partnership, limited liability limited partnership, foreign
45 limited partnership, or foreign limited liability limited
46 partnership, as those terms are defined in s. 620.1102.

47 (f) A member, who is a person that owns a membership
48 interest in a limited liability company or a foreign limited
49 liability company, as those terms are defined in s. 605.0102(36)
50 and (26), respectively, that holds a 25 percent or more
51 membership interest in such company. As used in this subsection,
52 the term "membership interest" means a member's right to receive
53 distributions or other rights, such as voting rights or
54 management rights, under the articles of organization.

55 (g) A natural person who indirectly owns 25 percent or more
56 of the shares or stock interest, transferable interest as
57 defined in s. 620.1102, or membership interest as defined in
58 paragraph (f), of any legal entities referred to in paragraphs
59 (d)-(f).

60 (30) "Owner-operator" means a registrant or a licensed
61 money services business.

62 (39) "Virtual currency kiosk" means an electronic terminal
63 that acts as a mechanical agent of the owner-operator, enabling
64 the owner-operator to facilitate the exchange of virtual
65 currency for fiat currency or other virtual currency for a
66 customer.

67 (40) "Virtual currency kiosk business" or "registrant"
68 means a corporation, limited liability company, limited



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69 liability partnership, or foreign entity qualified to do
70 business in this state which operates a virtual currency kiosk
71 and which is not a money transmitter as defined in this section.

72 (41) "Virtual currency kiosk transaction" means the process
73 in which a customer uses a virtual currency kiosk to exchange
74 virtual currency for fiat currency or other virtual currency. A
75 transaction begins at the point at which the customer is able to
76 initiate a transaction after the customer is given the option to
77 select the type of transaction or account, and does not include
78 any of the screens that display the required terms and
79 conditions, disclaimers, or attestations.

80 (42) "Wallet" means hardware or software that enables
81 customers to store and use virtual currency.

82 Section 2. Paragraph (a) of subsection (1) and paragraph
83 (b) of subsection (2) of section 560.105, Florida Statutes, are
84 amended to read:

85 560.105 Supervisory powers; rulemaking.—

86 (1) The office shall:

87 (a) Supervise all money services businesses and their
88 authorized vendors and virtual currency kiosk businesses.

89 (2) The commission may adopt rules pursuant to ss.
90 120.536(1) and 120.54 to administer this chapter.

91 (b) Rules adopted to regulate money services businesses,
92 including deferred presentment providers and virtual currency
93 kiosk businesses, must be responsive to changes in economic
94 conditions, technology, and industry practices.

95 Section 3. Part V of chapter 560, Florida Statutes,
96 consisting of ss. 560.501-560.506, Florida Statutes, is created
97 and entitled "Virtual Currency Kiosk Businesses."



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98 Section 4. Section 560.501, Florida Statutes, is created to
99 read:

100 560.501 Legislative intent.—The Legislature intends to
101 reduce unlawful and fraudulent activities by requiring virtual
102 currency kiosk businesses to register with the state and by
103 requiring such businesses and money transmitter licensees to
104 regularly and consistently disclose to all customers of virtual
105 currency kiosks certain specified risks relating to virtual
106 currency kiosk transactions.

107 Section 5. Effective March 1, 2025, section 560.502,
108 Florida Statutes, is created to read:

109 560.502 Registration required; exemptions; penalties.—

110 (1) A virtual currency kiosk business in this state may not
111 operate without first registering, or renewing its registration,
112 in accordance with s. 560.503. The office must electronically
113 notify the virtual currency kiosk business when its registration
114 or renewal has been approved or denied. A virtual currency kiosk
115 business currently operating in this state must register with
116 the office within 30 days after the date on which this act
117 becomes a law.

118 (2) A money transmitter licensed as a money services
119 business pursuant to s. 560.141 is exempt from registration as a
120 virtual currency kiosk business but is subject to ss. 560.504,
121 560.505, and 560.506.

122 (3) An entity, in the course of its business, may not act
123 as an intermediary with the ability to unilaterally execute or
124 indefinitely prevent a virtual currency kiosk transaction, or
125 otherwise meet the definition of a money transmitter as defined
126 in s. 560.103, without being licensed as a money services



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127 business pursuant to part II of this chapter.

128 (4) Unless licensed as a money services business pursuant
129 to part II of this chapter, an entity that operates or solicits
130 business as a virtual currency kiosk business without first
131 being registered with the office or without maintaining its
132 registration commits a felony of the third degree, punishable as
133 provided in s. 775.082, s. 775.083, or s. 775.084.

134 (5) A person who registers or attempts to register as a
135 virtual currency kiosk business by means of fraud,
136 misrepresentation, or concealment commits a felony of the third
137 degree, punishable as provided in s. 775.082, s. 775.083, or s.
138 775.084.

139 (6) A virtual currency kiosk business registration issued
140 under this part is not transferable or assignable.

141 Section 6. Section 560.503, Florida Statutes, is created to
142 read:

143 560.503 Registration applications.—

144 (1) To apply to be registered as a virtual currency kiosk
145 business under this part, the applicant must submit all of the
146 following to the office:

147 (a) A completed registration application on forms
148 prescribed by rule of the commission, which must include the
149 following information:

150 1. The legal name, including any fictitious or trade names
151 used by the applicant in the conduct of its business, and the
152 physical and mailing address of the applicant.

153 2. The date of the applicant's formation and the state in
154 which the applicant was formed, if applicable.

155 3. The name, social security number, alien identification



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156 or taxpayer identification number, business and residence
157 addresses, and employment history for the past 5 years for each
158 person who meets the definition of a control person.

159 4. A description of the organizational structure of the
160 applicant, including the identity of any parent or subsidiary of
161 the applicant, and the disclosure of whether any parent or
162 subsidiary is publicly traded.

163 5. The name of the registered agent in this state for
164 service of process.

165 6. The physical address of the location of each virtual
166 currency kiosk through which the applicant proposes to conduct
167 or is conducting business in this state.

168 7. An attestation that the applicant has developed clearly
169 documented policies, processes, and procedures regarding the use
170 of blockchain analytics to prevent transfers to wallet addresses
171 linked to known criminal activity, including the manner in which
172 such blockchain analytics activity will integrate into its
173 compliance controls, and that the applicant will maintain and
174 comply with such blockchain analytics policies, processes, and
175 procedures.

176 8. Any other information as required by this chapter or
177 commission rule.

178 (b) Any information needed to resolve any deficiencies
179 found in the application within a time period prescribed by
180 rule.

181 (2) A virtual currency kiosk business operating in this
182 state on or before January 1, 2025, must submit a registration
183 application to the office within 30 days after that date.

184 (3) A registrant shall report, on a form prescribed by rule



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185 of the commission, any change in the information contained in an
186 initial application form or an amendment thereto within 30 days
187 after the change is effective.

188 (4) A registrant must renew its registration annually on or
189 before December 31 of the year preceding the expiration date of
190 the registration. To renew such registration, the registrant
191 must submit a renewal application that provides:

192 (a) The information required in paragraph (1)(a) if there
193 are changes in the application information, or an affidavit
194 signed by the registrant that the information remains the same
195 as the prior year.

196 (b) Upon request by the office, evidence that the
197 registrant has been operating in compliance with ss. 560.504 and
198 560.505. Such evidence may be prescribed by rule by the
199 commission and may include, but is not limited to, all of the
200 following:

201 1. Current disclosures presented to customers during the
202 transaction process.

203 2. Current use of blockchain analytics to prevent transfers
204 to wallet addresses linked to known criminal activity.

205 (5) The registration of a virtual currency kiosk business
206 that does not renew its registration by December 31 of the year
207 of expiration must be made inactive for 60 days. A virtual
208 currency kiosk business may not conduct business while its
209 registration is inactive.

210 (6) Within 60 days after the registration becomes inactive
211 pursuant to subsection (5), a virtual currency kiosk business
212 must renew its registration by submitting all of the following:

213 (a) The information required in paragraph (1)(a) if there



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214 are changes in the application information, or an affidavit
215 signed by the registrant that the information remains the same
216 as the prior year.

217 (b) Evidence that the registrant was operating in
218 compliance with ss. 560.504 and 560.505. Such evidence may be
219 prescribed by rule by the commission and may include, but is not
220 limited to, all of the following:

221 1. Current disclosures presented to customers during the
222 transaction process.

223 2. Current use of blockchain analytics to prevent transfers
224 to wallet addresses linked to known criminal activity.

225
226 Any renewal registration made pursuant to this subsection
227 becomes effective upon the date the office approves the
228 application for registration. The office shall approve the
229 renewal registration within a time period prescribed by rule.

230 (7) Failure to submit an application to renew the virtual
231 currency kiosk business's registration within 60 days after the
232 registration becomes inactive pursuant to subsection (5) shall
233 result in the registration becoming null and void. If the
234 registration is null and void, a new application to register the
235 virtual currency kiosk business pursuant to subsection (1) must
236 be submitted to the office and a certification of registration
237 must be issued by the office before the virtual currency kiosk
238 business may conduct business in this state.

239 (8) If a control person of a registrant or prospective
240 registrant has engaged in any unlawful business practice, or
241 been convicted or found guilty of, or pled guilty or nolo
242 contendere to, regardless of adjudication, a crime involving



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243 dishonest dealing, fraud, acts of moral turpitude, or other acts
244 that reflect an inability to engage lawfully in the business of
245 a registered virtual currency kiosk business, the office must
246 deny the prospective registrant's initial registration
247 application or the registrant's renewal application.

248 (9) A virtual currency kiosk business that submits a
249 renewal application and fails to provide evidence of compliance
250 upon request pursuant to paragraph (4)(b) or as required in
251 paragraph (6)(b) shall have its application denied by the
252 office.

253 (10) Any false statement made by a virtual currency kiosk
254 business with respect to the name of the business or its
255 business address or location in any application for registration
256 under this section renders the registration void. A void
257 registration may not be construed as creating a defense to any
258 prosecution for violation of this chapter.

259 (11) The commission may adopt rules to administer this
260 section.

261 Section 7. Section 560.504, Florida Statutes, is created to
262 read:

263 560.504 Disclosures.—

264 (1) Disclosures or attestations required by this section
265 and displayed by a virtual currency kiosk must meet all of the
266 following requirements:

267 (a) Be full and complete.

268 (b) Contain no material misrepresentations.

269 (c) Be readily understandable and in the language in which
270 the virtual currency kiosk transaction is conducted.

271 (d) Be displayed in at least 14-point type.



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272 (2) Before authorizing a customer to initiate a virtual
273 currency kiosk transaction, the owner-operator shall ensure that
274 the virtual currency kiosk displays the disclosures in this
275 section on two separate screens:

276 (a) The first disclosure must be in substantially the
277 following form:

278
279 WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM
280 A STRANGER WHO IS INITIATING A DISHONEST SCHEME.

281
282 I UNDERSTAND THAT DISHONEST SCHEMES MAY APPEAR IN MANY
283 FORMS, INCLUDING, BUT NOT LIMITED TO:

284 1. Claims of a frozen bank account or credit
285 card.

286 2. Fraudulent bank transactions.

287 3. Claims of identity theft or job offerings in
288 exchange for payments.

289 4. Requests for payments to government agencies
290 or companies.

291 5. Requests for disaster relief donations or
292 loans.

293 6. Offers to purchase tickets for lotteries,
294 sweepstakes, or drawings for vehicles.

295 7. Prompts to click on desktop pop-ups, such as
296 virus warnings or communication from alleged familiar
297 merchants.

298 8. Communication from someone impersonating a
299 representative of your bank or a law enforcement
300 officer.



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9. Requests from persons who are impersonating relatives or friends in need or promoting investment or romance scams.

PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY TO SOMEONE YOU DON'T KNOW.

(b) The second disclosure must be in substantially the following form:

WARNING: FUNDS LOST DUE TO USER ERROR OR FRAUD MAY NOT BE RECOVERABLE. TRANSACTIONS CONDUCTED ON THIS VIRTUAL CURRENCY KIOSK ARE IRREVERSIBLE. I UNDERSTAND THESE RISKS AND WISH TO CONTINUE WITH CONDUCTING MY VIRTUAL CURRENCY KIOSK TRANSACTION.

PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY TO SOMEONE YOU DON'T KNOW.

(3) (a) After the disclosures provided in subsection (2) are acknowledged by the customer, the virtual currency kiosk business shall ensure that the virtual currency kiosk displays on a pop-up window the following question to the customer: "ARE YOU USING THIS KIOSK TO SEND VIRTUAL CURRENCY TO A WALLET OWNED BY SOMEONE ELSE?"

(b) The virtual currency kiosk business shall require the customer to respond to the question in paragraph (a) with a "no" response before the customer can proceed to the attestation required in subsection (4).



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330 (c) The virtual currency kiosk business shall ensure that
331 the virtual currency kiosk terminates a customer's virtual
332 currency kiosk transaction if the customer provides a "yes"
333 response to the question in paragraph (a).

334 (4) After the disclosure provided in subsection (2) and,
335 with respect to virtual currency kiosk businesses, an answer of
336 "no" to the question provided in paragraph (3)(a), the owner-
337 operator must ensure that the virtual currency kiosk displays,
338 on a screen by itself, a toll-free number for the customer to
339 contact regarding the risk of engaging in virtual currency
340 transactions and the following attestation in substantially the
341 following form:

342
343 I ATTEST THAT I HAVE BEEN GIVEN A TOLL-FREE NUMBER AND
344 THAT I HAVE HAD AN OPPORTUNITY TO CALL THE NUMBER TO
345 SPEAK WITH SOMEONE REGARDING THE RISKS OF ENGAGING IN
346 VIRTUAL CURRENCY KIOSK TRANSACTIONS. I FURTHER ATTEST
347 THAT I UNDERSTAND THAT I MAY BE SOLELY RESPONSIBLE FOR
348 LOSS OF FUNDS DUE TO USER ERROR OR FRAUD.

349
350 (a) If a customer makes the attestation in this subsection,
351 the virtual currency kiosk may allow the customer to proceed
352 with the virtual currency kiosk transaction.

353 (b) If the customer does not make the attestation in this
354 subsection, the owner-operator must ensure that the virtual
355 currency kiosk terminates the customer's virtual currency kiosk
356 transaction.

357 (5) The commission may adopt rules to administer this
358 section and to ensure that virtual currency kiosk disclosures



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359 are responsive to consumer fraud and emerging technology.

360 Section 8. Section 560.505, Florida Statutes, is created to
361 read:

362 560.505 Conduct of business.—

363 (1) An owner-operator may transact business under this part
364 only under the legal name by which such business is registered.

365 The use of a fictitious name is allowed if the fictitious name
366 has been registered with the Department of State and disclosed
367 to the office as part of an initial registration or license
368 application, or subsequent amendment to the application, before
369 its use.

370 (2) An owner-operator must maintain clearly documented
371 policies, processes, and procedures with regard to the manner in
372 which the blockchain analytics activity integrates into their
373 compliance controls. An owner-operator must use blockchain
374 analytics to prevent transfers to wallet addresses linked to
375 known criminal activity.

376 Section 9. Section 560.506, Florida Statutes, is created to
377 read:

378 560.506 Penalties.—

379 (1) An owner-operator of a virtual currency kiosk which
380 violates s. 560.504 commits a felony of the third degree,
381 punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

382 (2) Each of the following violations constitutes a
383 misdemeanor of the second degree, punishable as provided in s.
384 775.082 or s. 775.083:

385 (a) Operating a virtual currency kiosk under any name other
386 than that designated in the registration, unless written
387 notification is given to the office.



388 (b) Assigning or attempting to assign a virtual currency
389 kiosk business registration issued under this part.

390 (c) Operating a virtual currency kiosk without the use of
391 blockchain analytics as required under s. 560.505.

392 (3) In addition to the criminal penalties provided for
393 under this section, a court may invalidate the registration of
394 any registrant under this part who has been found guilty of
395 conduct prohibited in subsection (1) or subsection (2).

396 Section 10. Except as otherwise expressly provided in this
397 act, this act shall take effect January 1, 2025.

398
399 ===== T I T L E A M E N D M E N T =====

400 And the title is amended as follows:

401 Delete everything before the enacting clause
402 and insert:

403 A bill to be entitled
404 An act relating to virtual currency kiosk businesses;
405 amending s. 560.103, F.S.; defining terms and revising
406 the definition of the term "control person"; amending
407 s. 560.105, F.S.; requiring the Office of Financial
408 Regulation of the Financial Services Commission to
409 supervise virtual currency kiosk businesses;
410 authorizing the commission to adopt rules; creating
411 part V of ch. 560, F.S., entitled "Virtual Currency
412 Kiosk Businesses"; creating s. 560.501, F.S.;
413 providing legislative intent; creating s. 560.502,
414 F.S.; prohibiting a virtual currency kiosk business
415 from operating without registering or renewing its
416 registration in accordance with certain provisions;



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417 requiring the office to make certain electronic
418 notifications; requiring a virtual currency kiosk
419 business currently operating in this state to register
420 with the office within a specified timeframe;
421 requiring certain entities to be licensed as money
422 services businesses; providing criminal penalties for
423 certain entities that operate or solicit business as a
424 virtual currency kiosk business under certain
425 circumstances; providing criminal penalties for
426 persons who register or attempt to register as a
427 virtual currency kiosk business by certain means;
428 providing that a virtual currency kiosk business
429 registration is not transferable or assignable;
430 creating s. 560.503, F.S.; specifying application
431 requirements for registering as a virtual currency
432 kiosk business; requiring certain virtual currency
433 kiosk businesses to submit an application within a
434 specified timeframe; requiring a registrant to report
435 certain changes in information within a specified
436 timeframe; requiring a registrant to renew its
437 registration at a specified timeframe; specifying
438 requirements for a registrant to renew its
439 registration; requiring that the registration of a
440 virtual currency kiosk business be made inactive if
441 such business does not renew its registration by a
442 certain date; specifying requirements for a virtual
443 currency kiosk business to renew its registration
444 after becoming inactive; providing that a registration
445 becomes null and void under certain circumstances;



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446 providing requirements if a registration becomes null
447 and void; requiring the office to deny certain
448 applications under certain circumstances; requiring
449 that certain applications be denied under certain
450 circumstances; providing that certain false statements
451 made by the virtual currency kiosk business render its
452 registration void; authorizing the commission to adopt
453 rules; creating s. 560.504, F.S.; specifying
454 requirements for specified disclosures and
455 attestations displayed by the virtual currency kiosk;
456 authorizing the commission to adopt rules; creating s.
457 560.505, F.S.; requiring an owner-operator to transact
458 business under its legal name; providing exceptions;
459 requiring an owner-operator to maintain certain
460 policies, processes, and procedures; creating s.
461 506.506, F.S.; providing criminal penalties for
462 violations of certain provisions or performing certain
463 acts; authorizing a court to invalidate the
464 registration of a registrant under certain
465 circumstances; providing effective dates.