

By Senator Burton

12-00710-24

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1 A bill to be entitled
2 An act relating to virtual currency kiosk businesses;
3 amending s. 560.103, F.S.; defining terms; amending s.
4 560.105, F.S.; requiring the Office of Financial
5 Regulation of the Financial Services Commission to
6 supervise registrants; authorizing the commission to
7 adopt rules; creating part V of ch. 560, F.S.,
8 entitled "Virtual Currency Kiosk Businesses"; creating
9 s. 560.501, F.S.; providing legislative intent;
10 creating s. 560.502, F.S.; prohibiting a virtual
11 currency kiosk business from operating without
12 registering with the state; providing exemptions;
13 requiring certain entities to be licensed as money
14 services businesses; providing criminal penalties for
15 money transmitters that operate or solicit business as
16 a virtual currency kiosk business under certain
17 circumstances; providing criminal penalties for
18 persons who register or attempt to register as a
19 virtual currency kiosk business by certain means;
20 providing that a virtual currency kiosk business
21 registration is not transferable or assignable;
22 creating s. 560.503, F.S.; specifying application
23 requirements for registering as a virtual currency
24 kiosk business; requiring a registrant to report
25 certain changes in information within a specified
26 timeframe; specifying requirements for a registrant to
27 renew its registration; requiring that the
28 registration of a virtual currency kiosk business be
29 made inactive if such business does not renew its

12-00710-24

2024662__

30 registration by a certain date; specifying
31 requirements for a virtual currency kiosk business to
32 renew its registration after becoming inactive;
33 providing that a registration becomes null and void
34 under certain circumstances; prohibiting the office
35 from accepting certain applications under certain
36 circumstances; providing that certain applications be
37 denied under certain circumstances; providing that
38 certain false statements made by the virtual currency
39 kiosk business render registration void; authorizing
40 the commission to adopt rules; creating s. 560.504,
41 F.S.; specifying requirements for specified
42 disclosures and attestations displayed by the virtual
43 currency kiosk; authorizing the commission to adopt
44 rules; creating s. 560.505, F.S.; requiring a
45 registrant to transact business under its legal name;
46 providing exceptions; creating s. 560.506, F.S.;

47 providing criminal penalties for violation of certain
48 provisions or performing certain acts; authorizing a
49 court to invalidate the registration of a registrant
50 under certain circumstances; providing an effective
51 date.

52
53 Be It Enacted by the Legislature of the State of Florida:

54
55 Section 1. Present subsections (4) through (36) of section
56 560.103, Florida Statutes, are redesignated as subsections (5)
57 through (37), respectively, and a new subsection (4) and
58 subsections (38) through (41) are added to that section, to

12-00710-24

2024662__

59 read:

60 560.103 Definitions.—As used in this chapter, the term:

61 (4) "Blockchain analytics" refers to the process of
62 examining, monitoring, and gathering insights from the data and
63 transaction patterns on a blockchain network. The primary aim of
64 blockchain analytics is to understand and monitor the network's
65 health, track money flows, and identify potential security
66 threats, including illicit activity, to extract actionable
67 insights.

68 (38) "Virtual currency kiosk" means an electronic terminal
69 that acts as a mechanical agent of the owner-operator, enabling
70 the owner-operator to facilitate the exchange of virtual
71 currency for fiat currency or other virtual currency for a
72 customer.

73 (39) "Virtual currency kiosk business" or "registrant"
74 means a corporation, limited liability company, limited
75 liability partnership, or foreign entity qualified to do
76 business in this state which operates a virtual currency kiosk
77 and which is not a money transmitter as defined in this section.

78 (40) "Virtual currency kiosk transaction" means the process
79 in which a customer uses a virtual currency kiosk to exchange
80 virtual currency for fiat currency or other virtual currency. A
81 transaction begins at the point at which the customer is able to
82 initiate a transaction, after the customer is given the option
83 to select the type of transaction or account, and does not
84 include any of the screens that display the required terms and
85 conditions, disclaimers, or attestations.

86 (41) "Wallet" means hardware or software that enables
87 customers to store and use virtual currency.

12-00710-24

2024662__

88 Section 2. Paragraph (a) of subsection (1) and paragraph
89 (b) of subsection (2) of section 560.105, Florida Statutes, are
90 amended to read:

91 560.105 Supervisory powers; rulemaking.—

92 (1) The office shall:

93 (a) Supervise all money services businesses and their
94 authorized vendors and registrants.

95 (2) The commission may adopt rules pursuant to ss.
96 120.536(1) and 120.54 to administer this chapter.

97 (b) Rules adopted to regulate money services businesses,
98 including deferred presentment providers and registrants, must
99 be responsive to changes in economic conditions, technology, and
100 industry practices.

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

104 Section 4. Section 560.501, Florida Statutes, is created to
105 read:

106 560.501 Legislative intent.—The Legislature intends to
107 reduce unlawful and fraudulent activities by requiring virtual
108 currency kiosk businesses to register with the state and by
109 requiring such businesses and money transmitter licensees to
110 regularly and consistently disclose to all customers of virtual
111 currency kiosks certain specified risks relating to virtual
112 currency kiosk transactions.

113 Section 5. Section 560.502, Florida Statutes, is created to
114 read:

115 560.502 Registration required; exemptions; penalties.—

116 (1) A virtual currency kiosk business in this state may not

12-00710-24

2024662__

117 operate without first registering, or renewing its registration,
118 in accordance with s. 560.503 and being issued a certificate of
119 registration by the office.

120 (2) A money transmitter licensed as a money services
121 business pursuant to s. 560.141 is exempt from registration as a
122 virtual currency kiosk business but is subject to ss. 560.504,
123 560.505, and 560.506.

124 (3) If an entity, in the course of its business, acts as an
125 intermediary with the ability to unilaterally execute or
126 indefinitely prevent a virtual currency kiosk transaction, or
127 otherwise meets the definition of a money transmitter as defined
128 in s. 560.103, the entity must be licensed pursuant to s.
129 560.141.

130 (4) Unless licensed as a money services business pursuant
131 to s. 560.141, a money transmitter that operates or solicits
132 business as a virtual currency kiosk business without first
133 being issued a certificate of registration by the office or
134 without maintaining a certificate of registration commits a
135 felony of the third degree, punishable as provided in s.
136 775.082, s. 775.083, or s. 775.084.

137 (5) A person who registers or attempts to register as a
138 virtual currency kiosk business by means of fraud,
139 misrepresentation, or concealment commits a felony of the third
140 degree, punishable as provided in s. 775.082, s. 775.083, or s.
141 775.084.

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

144 Section 6. Section 560.503, Florida Statutes, is created to
145 read:

12-00710-24

2024662__

146 560.503 Registration applications.-

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

150 (a) A completed registration application on forms
151 prescribed by rule of the commission which must include the
152 following information:

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

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

158 3. The name, social security number, alien identification
159 or taxpayer identification number, business and residence
160 address, and employment history for the past 5 years for each
161 person who meets the definition of a control person.

162 4. A description of the organizational structure of the
163 applicant, including the identity of any parent or subsidiary of
164 the applicant, and the disclosure of whether any parent or
165 subsidiary is publicly traded.

166 5. The name of the registered agent in this state for
167 service of process.

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

171 7. Any other information as required by this chapter or
172 commission rule.

173 (b) A nonrefundable fee in accordance with s.
174 560.143(1)(b).

12-00710-24

2024662__

175 (c) Any information needed to resolve any deficiencies
176 found in the application. This information must be submitted
177 within 30 days after the date of the application or the date of
178 any request by the office, whichever is later.

179 (2) A registrant shall report, on a form prescribed by rule
180 of the commission, any change in the information contained in an
181 initial application form, or an amendment thereto, within 30
182 days after the change is effective.

183 (3) A registrant must renew its registration annually on or
184 before December 31 of the year of expiration. A registrant may
185 not receive a prorated fee for registration. To renew such
186 registration, the registrant must provide all of the following:

187 (a) The information required in paragraph (1) (a), if there
188 are changes in the application information or an affidavit
189 signed by the registrant that the information remains the same
190 as the prior year.

191 (b) Upon request, evidence that the registrant has been
192 operating in compliance with ss. 560.504 and 560.505. Such
193 evidence may be prescribed by rule by the commission and may
194 include, but is not limited to, all of the following:

195 1. Current disclosures presented to customers during the
196 transaction process.

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

199 (4) The registration of a virtual currency kiosk business
200 that does not renew its registration by December 31 of the year
201 of expiration must be made inactive for 60 days. A virtual
202 currency kiosk business may not conduct business while its
203 registration is inactive.

12-00710-24

2024662__

204 (5) Within 60 days after the registration becoming inactive
205 pursuant to subsection (4), a virtual currency kiosk business
206 must renew its registration by submitting all of the following:

207 (a) The information required in paragraph (1)(a), if there
208 are changes in the application information or an affidavit
209 signed by the registrant that the information remains the same
210 as the prior year.

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

215 1. Current disclosures presented to customers during the
216 transaction process.

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

219
220 Any renewal registration made pursuant to this paragraph will
221 become effective upon the date of any certificate of
222 registration that is issued by the office.

223 (6) Failure to submit an application to renew the virtual
224 currency kiosk business's registration within 60 days after the
225 registration becoming inactive pursuant to subsection (5) shall
226 result in the registration becoming null and void. If the
227 registration is null and void, a new application to register the
228 virtual currency kiosk business must be submitted to the office
229 and a certification of registration must be issued by the office
230 before the virtual currency kiosk business may resume conducting
231 business in this state.

232 (7) If a control person of a prospective registrant has

12-00710-24

2024662__

233 engaged in any unlawful business practices, or been convicted or
234 found guilty of a crime involving dishonest dealing, fraud, acts
235 of moral turpitude, or other acts that reflect an inability to
236 engage lawfully in the business of a registered virtual currency
237 kiosk business, the office may not accept the prospective
238 registrant's initial registration application or the
239 registrant's renewal application.

240 (8) A virtual currency kiosk business's renewal application
241 that fails to provide evidence of compliance, if requested in
242 paragraph (3) (b) or as required in paragraph (5) (b), must be
243 denied by the office.

244 (9) Any false statement made by a virtual currency kiosk
245 business with respect to the name of the business or its
246 business address or location in any application for registration
247 under this section renders the registration void. A void
248 registration may not be construed as creating a defense to any
249 prosecution for violation of this chapter.

250 (10) The commission may adopt rules to administer this
251 section.

252 Section 7. Section 560.504, Florida Statutes, is created to
253 read:

254 560.504 Disclosures.—

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

258 (a) Be full and complete.

259 (b) Contain no material misrepresentations.

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

12-00710-24

2024662__

- 262 (d) Be displayed in at least 14-point type.
- 263 (2) Before authorizing a customer to initiate a virtual
264 currency kiosk transaction, the virtual currency kiosk business
265 shall ensure that the virtual currency kiosk displays the
266 disclosures in this section on two separate screens:
- 267 (a) The first disclosure must be in substantially the
268 following form:
- 269
- 270 WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM
271 A STRANGER WHO IS INITIATING A DISHONEST SCHEME. I
272 UNDERSTAND THAT DISHONEST SCHEMES MAY APPEAR IN MANY
273 FORMS, INCLUDING, BUT NOT LIMITED TO:
- 274
- 275 1. Claims of a frozen bank account or credit card.
276 2. Fraudulent bank transactions.
277 3. Claims of identity theft or job offerings in
278 exchange for payments.
279 4. Requests for payments to government agencies or
280 companies.
281 5. Requests for disaster relief donations or loans.
282 6. Offers to purchase tickets for lotteries,
283 sweepstakes, or drawings for vehicles.
284 7. Prompts to click on desktop pop-ups, such as virus
285 warnings or communication from alleged familiar
286 merchants.
287 8. Communication from someone impersonating a
288 representative of your bank or a law enforcement
289 officer.
290 9. Requests from persons who are impersonating

12-00710-24

2024662__

291 relatives or friends in need or promoting investment
292 or romance scams.

293

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

296

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

299

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

305

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

308

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

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

319 (c) The virtual currency kiosk business must ensure that

12-00710-24

2024662__

320 the virtual currency kiosk terminates a customer's virtual
321 currency kiosk transaction if the customer has provided a "yes"
322 response to the question in paragraph (a).

323 (4) After the disclosure provided in subsection (2) and the
324 affirmative answer to the question provided in paragraph (3) (a),
325 the virtual currency kiosk business must ensure that the virtual
326 kiosk displays, on a screen by itself, the following
327 attestation: "I ATTEST THAT I AM YOUNGER THAN 60 YEARS OF AGE."

328 (a) If a customer attests that he or she is younger than 60
329 years of age, the virtual currency kiosk may allow the customer
330 to proceed with the virtual currency kiosk transaction.

331 (b) If a customer attests that he or she is 60 years of age
332 or older, the virtual currency kiosk business must ensure that
333 the virtual currency kiosk provides such customer with a toll-
334 free number to contact regarding the risks of engaging in
335 virtual currency transactions. The toll-free number must be
336 displayed on the virtual currency kiosk display after the
337 customer attests that he or she is 60 years of age or older.

338 (c) After displaying the toll-free number required under
339 paragraph (b), the virtual kiosk business must ensure that the
340 virtual currency kiosk displays, on a screen by itself, the
341 following attestation in substantially the following form:

342
343 I ATTEST THAT I AM 60 YEARS OF AGE OR OLDER. I ALSO
344 ATTEST THAT I HAVE BEEN GIVEN A TOLL-FREE NUMBER AND
345 THAT I HAVE HAD AN OPPORTUNITY TO CALL SUCH NUMBER TO
346 SPEAK WITH SOMEONE REGARDING THE RISKS OF ENGAGING IN
347 VIRTUAL CURRENCY KIOSK TRANSACTIONS. I FURTHER ATTEST
348 THAT I UNDERSTAND THAT I MAY BE SOLELY RESPONSIBLE FOR

12-00710-24

2024662__

349 LOSS OF FUNDS DUE TO USER ERROR OR FRAUD.

350

351 (d) If a customer makes the attestation in paragraph (c),
352 the virtual currency kiosk may allow the customer to proceed
353 with the virtual currency kiosk transaction.

354 (e) If the customer does not make the attestation in
355 paragraph (c), the virtual currency kiosk business must ensure
356 that the virtual currency kiosk terminates the customer's
357 virtual currency kiosk transaction.

358 (5) The commission may adopt rules to administer this
359 section and to ensure that virtual currency kiosk disclosures
360 are responsive to consumer fraud and emerging technology.

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

363 560.505 Conduct of business.—A virtual currency kiosk
364 business may transact business under this part only under the
365 legal name by which such business is registered. The use of a
366 fictitious name is allowed if the fictitious name has been
367 registered with the Department of State and disclosed to the
368 office as part of an initial registration or license
369 application, or subsequent amendment to the application, before
370 its use.

371 Section 9. Section 560.506, Florida Statutes, is created to
372 read:

373 560.506 Penalties.—

374 (1) A virtual currency kiosk business that violates s.
375 560.504 commits a felony of the third degree, punishable as
376 provided in s. 775.082, s. 775.083, or s. 775.084.

377 (2) Each of the following violations constitutes a

12-00710-24

2024662__

378 misdemeanor of the second degree, punishable as provided in s.
379 775.082 or s. 775.083:

380 (a) Operating under any name other than that designated in
381 the registration, unless written notification is given to the
382 office.

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

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

389 Section 10. This act shall take effect January 1, 2025.