

By the Committee on Banking and Insurance; and Senator Burton

597-02367-24

2024662c1

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

597-02367-24

2024662c1

30 certain changes in information within a specified
31 timeframe; requiring a registrant to renew its
32 registration at a specified timeframe; specifying
33 requirements for a registrant to renew its
34 registration; requiring that the registration of a
35 virtual currency kiosk business be made inactive if
36 such business does not renew its registration by a
37 certain date; specifying requirements for a virtual
38 currency kiosk business to renew its registration
39 after becoming inactive; providing that a registration
40 becomes null and void under certain circumstances;
41 providing requirements if a registration becomes null
42 and void; requiring the office to deny certain
43 applications under certain circumstances; requiring
44 that certain applications be denied under certain
45 circumstances; providing that certain false statements
46 made by the virtual currency kiosk business render its
47 registration void; authorizing the commission to adopt
48 rules; creating s. 560.504, F.S.; specifying
49 requirements for specified disclosures and
50 attestations displayed by the virtual currency kiosk;
51 authorizing the commission to adopt rules; creating s.
52 560.505, F.S.; requiring an owner-operator to transact
53 business under its legal name; providing exceptions;
54 requiring an owner-operator to maintain certain
55 policies, processes, and procedures; creating s.
56 506.506, F.S.; providing criminal penalties for
57 violations of certain provisions or performing certain
58 acts; authorizing a court to invalidate the

597-02367-24

2024662c1

59 registration of a registrant under certain
60 circumstances; providing effective dates.

61
62 Be It Enacted by the Legislature of the State of Florida:

63
64 Section 1. Present subsections (4) through (28) and (29)
65 through (36) of section 560.103, Florida Statutes, are
66 redesignated as subsections (5) through (29) and (31) through
67 (38), respectively, new subsections (4) and (30) and subsections
68 (39) through (42) are added to that section, and present
69 subsection (10) of that section is amended, to read:

70 560.103 Definitions.—As used in this chapter, the term:

71 (4) "Blockchain analytics" refers to the process of
72 examining, monitoring, and gathering insights from the data and
73 transaction patterns on a blockchain network. The primary aim of
74 blockchain analytics is to understand and monitor the network's
75 health, track transaction flows, and identify potential security
76 threats, including illicit activity, to extract actionable
77 insights.

78 (11)(10) "Control person" means, with respect to a money
79 services business or virtual currency kiosk business, any of the
80 following:

81 (a) A person who holds the title of president, treasurer,
82 chief executive officer, chief financial officer, chief
83 operations officer, chief legal officer, or compliance officer
84 for a money services business or virtual currency kiosk
85 business.

86 (b) A person who holds any of the officer, general partner,
87 manager, or managing member positions named in the money

597-02367-24

2024662c1

88 services business's or virtual currency kiosk business's
89 governing documents. As used in this paragraph, the term
90 "governing documents" includes bylaws, articles of incorporation
91 or organization, partnership agreements, shareholder agreements,
92 and management or operating agreements.

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

95 (d) A shareholder in whose name shares are registered in
96 the records of a corporation for profit, whether incorporated
97 under the laws of this state or organized under the laws of any
98 other jurisdiction and existing in that legal form, who owns 25
99 percent or more of a class of the company's equity securities.

100 (e) A general partner or a limited partner, as those terms
101 are defined in s. 620.1102, who has a 25 percent or more
102 transferable interest, as defined in s. 620.1102, of a limited
103 partnership, limited liability limited partnership, foreign
104 limited partnership, or foreign limited liability limited
105 partnership, as those terms are defined in s. 620.1102.

106 (f) A member, who is a person that owns a membership
107 interest in a limited liability company or a foreign limited
108 liability company, as those terms are defined in s. 605.0102(36)
109 and (26), respectively, that holds a 25 percent or more
110 membership interest in such company. As used in this subsection,
111 the term "membership interest" means a member's right to receive
112 distributions or other rights, such as voting rights or
113 management rights, under the articles of organization.

114 (g) A natural person who indirectly owns 25 percent or more
115 of the shares or stock interest, transferable interest as
116 defined in s. 620.1102, or membership interest as defined in

597-02367-24

2024662c1

117 paragraph (f), of any legal entities referred to in paragraphs
118 (d)-(f).

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

121 (39) "Virtual currency kiosk" means an electronic terminal
122 that acts as a mechanical agent of the owner-operator, enabling
123 the owner-operator to facilitate the exchange of virtual
124 currency for fiat currency or other virtual currency for a
125 customer.

126 (40) "Virtual currency kiosk business" or "registrant"
127 means a corporation, limited liability company, limited
128 liability partnership, or foreign entity qualified to do
129 business in this state which operates a virtual currency kiosk
130 and which is not a money transmitter as defined in this section.

131 (41) "Virtual currency kiosk transaction" means the process
132 in which a customer uses a virtual currency kiosk to exchange
133 virtual currency for fiat currency or other virtual currency. A
134 transaction begins at the point at which the customer is able to
135 initiate a transaction after the customer is given the option to
136 select the type of transaction or account, and does not include
137 any of the screens that display the required terms and
138 conditions, disclaimers, or attestations.

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

141 Section 2. Paragraph (a) of subsection (1) and paragraph
142 (b) of subsection (2) of section 560.105, Florida Statutes, are
143 amended to read:

144 560.105 Supervisory powers; rulemaking.—

145 (1) The office shall:

597-02367-24

2024662c1

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

148 (2) The commission may adopt rules pursuant to ss.
149 120.536(1) and 120.54 to administer this chapter.

150 (b) Rules adopted to regulate money services businesses,
151 including deferred presentment providers and virtual currency
152 kiosk businesses, must be responsive to changes in economic
153 conditions, technology, and industry practices.

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

157 Section 4. Section 560.501, Florida Statutes, is created to
158 read:

159 560.501 Legislative intent.—The Legislature intends to
160 reduce unlawful and fraudulent activities by requiring virtual
161 currency kiosk businesses to register with the state and by
162 requiring such businesses and money transmitter licensees to
163 regularly and consistently disclose to all customers of virtual
164 currency kiosks certain specified risks relating to virtual
165 currency kiosk transactions.

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

168 560.502 Registration required; exemptions; penalties.—

169 (1) A virtual currency kiosk business in this state may not
170 operate without first registering, or renewing its registration,
171 in accordance with s. 560.503. The office shall give written
172 notice, in person or by mail, to each applicant that the agency
173 has granted or denied the application for registration.

174 (2) A money transmitter licensed as a money services

597-02367-24

2024662c1

175 business pursuant to s. 560.141 is exempt from registration as a
176 virtual currency kiosk business but is subject to ss. 560.504,
177 560.505, and 560.506.

178 (3) An entity, in the course of its business, may not act
179 as an intermediary with the ability to unilaterally execute or
180 indefinitely prevent a virtual currency kiosk transaction, or
181 otherwise meet the definition of a money transmitter as defined
182 in s. 560.103, without being licensed as a money services
183 business pursuant to part II of this chapter.

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

190 (5) A person who registers or attempts to register as a
191 virtual currency kiosk business by means of fraud,
192 misrepresentation, or concealment commits a felony of the third
193 degree, punishable as provided in s. 775.082, s. 775.083, or s.
194 775.084.

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

197 Section 6. Section 560.503, Florida Statutes, is created to
198 read:

199 560.503 Registration applications.—

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

203 (a) A completed registration application on forms

597-02367-24

2024662c1

204 prescribed by rule of the commission, which must include the
205 following information:

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

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

211 3. The name, social security number, alien identification
212 or taxpayer identification number, business and residence
213 addresses, and employment history for the past 5 years for each
214 person who meets the definition of a control person.

215 4. A description of the organizational structure of the
216 applicant, including the identity of any parent or subsidiary of
217 the applicant, and the disclosure of whether any parent or
218 subsidiary is publicly traded.

219 5. The name of the registered agent in this state for
220 service of process.

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

224 7. An attestation that the applicant has developed clearly
225 documented policies, processes, and procedures regarding the use
226 of blockchain analytics to prevent transfers to wallet addresses
227 linked to known criminal activity, including the manner in which
228 such blockchain analytics activity will integrate into its
229 compliance controls, and that the applicant will maintain and
230 comply with such blockchain analytics policies, processes, and
231 procedures.

232 8. Any other information as required by this chapter or

597-02367-24

2024662c1

233 commission rule.

234 (b) Any information needed to resolve any deficiencies
235 found in the application within a time period prescribed by
236 rule.

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

240 (3) A registrant shall report, on a form prescribed by rule
241 of the commission, any change in the information contained in an
242 initial application form or an amendment thereto within 30 days
243 after the change is effective.

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

248 (a) The information required in paragraph (1)(a) if there
249 are changes in the application information, or an affidavit
250 signed by the registrant that the information remains the same
251 as the prior year.

252 (b) Upon request by the office, evidence that the
253 registrant has been operating in compliance with ss. 560.504 and
254 560.505. Such evidence may be prescribed by rule by the
255 commission and may include, but is not limited to, all of the
256 following:

257 1. Current disclosures presented to customers during the
258 transaction process.

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

261 (5) The registration of a virtual currency kiosk business

597-02367-24

2024662c1

262 that does not renew its registration by December 31 of the year
263 of expiration must be made inactive for 60 days. A virtual
264 currency kiosk business may not conduct business while its
265 registration is inactive.

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

269 (a) The information required in paragraph (1) (a) if there
270 are changes in the application information, or an affidavit
271 signed by the registrant that the information remains the same
272 as the prior year.

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

277 1. Current disclosures presented to customers during the
278 transaction process.

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

281
282 Any renewal registration made pursuant to this subsection
283 becomes effective upon the date the office approves the
284 application for registration. The office shall approve the
285 renewal registration within a time period prescribed by rule.

286 (7) Failure to submit an application to renew the virtual
287 currency kiosk business's registration within 60 days after the
288 registration becomes inactive pursuant to subsection (5) shall
289 result in the registration becoming null and void. If the
290 registration is null and void, a new application to register the

597-02367-24

2024662c1

291 virtual currency kiosk business pursuant to subsection (1) must
292 be submitted to the office and a certification of registration
293 must be issued by the office before the virtual currency kiosk
294 business may conduct business in this state.

295 (8) If a control person of a registrant or prospective
296 registrant has engaged in any unlawful business practice, or
297 been convicted or found guilty of, or pled guilty or nolo
298 contendere to, regardless of adjudication, a crime involving
299 dishonest dealing, fraud, acts of moral turpitude, or other acts
300 that reflect an inability to engage lawfully in the business of
301 a registered virtual currency kiosk business, the office must
302 deny the prospective registrant's initial registration
303 application or the registrant's renewal application.

304 (9) A virtual currency kiosk business that submits a
305 renewal application and fails to provide evidence of compliance
306 upon request pursuant to paragraph (4) (b) or as required in
307 paragraph (6) (b) shall have its application denied by the
308 office.

309 (10) Any false statement made by a virtual currency kiosk
310 business with respect to the name of the business or its
311 business address or location in any application for registration
312 under this section renders the registration void. A void
313 registration may not be construed as creating a defense to any
314 prosecution for violation of this chapter.

315 (11) The commission may adopt rules to administer this
316 section.

317 Section 7. Section 560.504, Florida Statutes, is created to
318 read:

319 560.504 Disclosures.—

597-02367-24

2024662c1

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

323 (a) Be full and complete.

324 (b) Contain no material misrepresentations.

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

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

328 (2) Before authorizing a customer to initiate a virtual
329 currency kiosk transaction, the owner-operator shall ensure that
330 the virtual currency kiosk displays the disclosures in this
331 section on two separate screens:

332 (a) The first disclosure must be in substantially the
333 following form:

334

335 WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM
336 A STRANGER WHO IS INITIATING A DISHONEST SCHEME.

337

338 I UNDERSTAND THAT DISHONEST SCHEMES MAY APPEAR IN MANY
339 FORMS, INCLUDING, BUT NOT LIMITED TO:

340 1. Claims of a frozen bank account or credit
341 card.

342 2. Fraudulent bank transactions.

343 3. Claims of identity theft or job offerings in
344 exchange for payments.

345 4. Requests for payments to government agencies
346 or companies.

347 5. Requests for disaster relief donations or
348 loans.

597-02367-24

2024662c1

349 6. Offers to purchase tickets for lotteries,
350 sweepstakes, or drawings for vehicles.

351 7. Prompts to click on desktop pop-ups, such as
352 virus warnings or communication from alleged familiar
353 merchants.

354 8. Communication from someone impersonating a
355 representative of your bank or a law enforcement
356 officer.

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

360
361 PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY TO
362 SOMEONE YOU DON'T KNOW.

363
364 (b) The second disclosure must be in substantially the
365 following form:

366
367 WARNING: FUNDS LOST DUE TO USER ERROR OR FRAUD MAY NOT
368 BE RECOVERABLE. TRANSACTIONS CONDUCTED ON THIS VIRTUAL
369 CURRENCY KIOSK ARE IRREVERSIBLE. I UNDERSTAND THESE
370 RISKS AND WISH TO CONTINUE WITH CONDUCTING MY VIRTUAL
371 CURRENCY KIOSK TRANSACTION.

372
373 PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY TO
374 SOMEONE YOU DON'T KNOW.

375
376 (3) (a) After the disclosures provided in subsection (2) are
377 acknowledged by the customer, the virtual currency kiosk

597-02367-24

2024662c1

378 business shall ensure that the virtual currency kiosk displays
379 on a pop-up window the following question to the customer: "ARE
380 YOU USING THIS KIOSK TO SEND VIRTUAL CURRENCY TO A WALLET OWNED
381 BY SOMEONE ELSE?"

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

386 (c) The virtual currency kiosk business shall ensure that
387 the virtual currency kiosk terminates a customer's virtual
388 currency kiosk transaction if the customer provides a "yes"
389 response to the question in paragraph (a).

390 (4) After the disclosure provided in subsection (2) and,
391 with respect to virtual currency kiosk businesses, an answer of
392 "no" to the question provided in paragraph (3) (a), the owner-
393 operator must ensure that the virtual currency kiosk displays,
394 on a screen by itself, a toll-free number for the customer to
395 contact regarding the risk of engaging in virtual currency
396 transactions and the following attestation in substantially the
397 following form:

398
399 I ATTEST THAT I HAVE BEEN GIVEN A TOLL-FREE NUMBER AND
400 THAT I HAVE HAD AN OPPORTUNITY TO CALL THE NUMBER TO
401 SPEAK WITH SOMEONE REGARDING THE RISKS OF ENGAGING IN
402 VIRTUAL CURRENCY KIOSK TRANSACTIONS. I FURTHER ATTEST
403 THAT I UNDERSTAND THAT I MAY BE SOLELY RESPONSIBLE FOR
404 LOSS OF FUNDS DUE TO USER ERROR OR FRAUD.

405
406 (a) If a customer makes the attestation in this subsection,

597-02367-24

2024662c1

407 the virtual currency kiosk may allow the customer to proceed
408 with the virtual currency kiosk transaction.

409 (b) If the customer does not make the attestation in this
410 subsection, the owner-operator must ensure that the virtual
411 currency kiosk terminates the customer's virtual currency kiosk
412 transaction.

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

416 Section 8. Section 560.505, Florida Statutes, is created to
417 read:

418 560.505 Conduct of business.—

419 (1) An owner-operator may transact business under this part
420 only under the legal name by which such business is registered.
421 The use of a fictitious name is allowed if the fictitious name
422 has been registered with the Department of State and disclosed
423 to the office as part of an initial registration or license
424 application, or subsequent amendment to the application, before
425 its use.

426 (2) An owner-operator must maintain clearly documented
427 policies, processes, and procedures with regard to the manner in
428 which the blockchain analytics activity integrates into their
429 compliance controls. An owner-operator must use blockchain
430 analytics to prevent transfers to wallet addresses linked to
431 known criminal activity.

432 Section 9. Section 560.506, Florida Statutes, is created to
433 read:

434 560.506 Penalties.—

435 (1) An owner-operator of a virtual currency kiosk which

597-02367-24

2024662c1

436 violates s. 560.504 commits a felony of the third degree,
437 punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

438 (2) Each of the following violations constitutes a
439 misdemeanor of the second degree, punishable as provided in s.
440 775.082 or s. 775.083:

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

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

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

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

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