

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
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; requiring 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; providing
40 | construction; authorizing the commission to adopt
41 | rules; creating s. 560.504, F.S.; specifying
42 | requirements for certain disclosures and attestations
43 | displayed by the virtual currency kiosk; authorizing
44 | the commission to adopt rules; creating s. 560.505,
45 | F.S.; requiring a registrant to transact business
46 | under its legal name; providing exceptions; creating
47 | s. 560.506, F.S.; requiring a registrant to hold new
48 | customers' assets in initial transactions in
49 | segregated wallets for a specified period before
50 | initiating transactions; authorizing customers to

51 request refunds during such holding periods;
 52 authorizing such customers' assets to be sold at
 53 market value and returned to the customers; requiring
 54 certain customers to be queried for specified
 55 information under certain circumstances; creating s.
 56 560.507, F.S.; providing criminal penalties for
 57 violation of certain provisions or performing certain
 58 acts; authorizing a court to invalidate the
 59 registration of a registrant under certain
 60 circumstances; providing an effective date.

61

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

63

64 Section 1. Present subsections (4) through (36) of section
 65 560.103, Florida Statutes, are redesignated as subsections (5)
 66 through (37), respectively, and a new subsection (4) and
 67 subsections (38) through (41) are added to that section, to
 68 read:

69 560.103 Definitions.—As used in this chapter, the term:

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

76 insights.

77 (38) "Virtual currency kiosk" means an electronic terminal
 78 that acts as a mechanical agent of the owner-operator, enabling
 79 the owner-operator to facilitate the exchange of virtual
 80 currency for fiat currency or other virtual currency for a
 81 customer.

82 (39) "Virtual currency kiosk business" or "registrant"
 83 means a corporation, limited liability company, limited
 84 liability partnership, or foreign entity qualified to do
 85 business in this state which operates a virtual currency kiosk
 86 and which is not a money transmitter as defined in this section.

87 (40) "Virtual currency kiosk transaction" means the
 88 process in which a customer uses a virtual currency kiosk to
 89 exchange virtual currency for fiat currency or other virtual
 90 currency. A transaction begins at the point at which the
 91 customer is able to initiate a transaction, after the customer
 92 is given the option to select the type of transaction or
 93 account, and does not include any of the screens that display
 94 the required terms and conditions, disclaimers, or attestations.

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

97 Section 2. Paragraph (a) of subsection (1) and paragraph
 98 (b) of subsection (2) of section 560.105, Florida Statutes, are
 99 amended to read:

100 560.105 Supervisory powers; rulemaking.—

101 (1) The office shall:

102 (a) Supervise all money services businesses and their

103 authorized vendors and registrants.

104 (2) The commission may adopt rules pursuant to ss.

105 120.536(1) and 120.54 to administer this chapter.

106 (b) Rules adopted to regulate money services businesses,

107 including deferred presentment providers and registrants, must

108 be responsive to changes in economic conditions, technology, and

109 industry practices.

110 Section 3. Part V of chapter 560, Florida Statutes,

111 consisting of ss. 560.501-560.507, Florida Statutes, is created

112 and entitled "Virtual Currency Kiosk Businesses."

113 Section 4. Section 560.501, Florida Statutes, is created

114 to read:

115 560.501 Legislative intent.—The Legislature intends to

116 reduce unlawful and fraudulent activities by requiring virtual

117 currency kiosk businesses to register with the state and by

118 requiring such businesses and money transmitter licensees to

119 regularly and consistently disclose to all customers of virtual

120 currency kiosks certain specified risks relating to virtual

121 currency kiosk transactions.

122 Section 5. Section 560.502, Florida Statutes, is created

123 to read:

124 560.502 Registration required; exemptions; penalties.—

125 (1) A virtual currency kiosk business in this state may

126 not operate without first registering, or renewing its
127 registration, in accordance with s. 560.503 and being issued a
128 certificate of registration by the office.

129 (2) A money transmitter licensed as a money services
130 business pursuant to s. 560.141 is exempt from registration as a
131 virtual currency kiosk business but is subject to ss. 560.504,
132 560.505, and 560.506.

133 (3) If an entity, in the course of its business, acts as
134 an intermediary with the ability to unilaterally execute or
135 indefinitely prevent a virtual currency kiosk transaction, or
136 otherwise meets the definition of a money transmitter as defined
137 in s. 560.103, the entity must be licensed pursuant to s.
138 560.141.

139 (4) Unless licensed as a money services business pursuant
140 to s. 560.141, a money transmitter that operates or solicits
141 business as a virtual currency kiosk business without first
142 being issued a certificate of registration by the office or
143 without maintaining a certificate of registration commits a
144 felony of the third degree, punishable as provided in s.
145 775.082, s. 775.083, or s. 775.084.

146 (5) A person who registers or attempts to register as a
147 virtual currency kiosk business by means of fraud,
148 misrepresentation, or concealment commits a felony of the third
149 degree, punishable as provided in s. 775.082, s. 775.083, or s.
150 775.084.

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

153 Section 6. Section 560.503, Florida Statutes, is created
154 to read:

155 560.503 Registration applications.—

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

159 (a) A completed registration application on forms
160 prescribed by rule of the commission which must include the
161 following information:

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

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

167 3. The name, social security number, alien identification
168 or taxpayer identification number, business and residence
169 addresses, and employment history for the past 5 years for each
170 person who meets the definition of a control person.

171 4. A description of the organizational structure of the
172 applicant, including the identity of any parent or subsidiary of
173 the applicant, and the disclosure of whether any parent or
174 subsidiary is publicly traded.

175 5. The name of the registered agent in this state for

176 service of process.

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

180 7. Any other information as required by this chapter or
181 commission rule.

182 (b) A nonrefundable fee in accordance with s.
183 560.143(1)(b).

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

188 (2) A registrant shall report, on a form prescribed by
189 rule of the commission, any change in the information contained
190 in an initial application form, or an amendment thereto, within
191 30 days after the change is effective.

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

196 (a) The information required in paragraph (1)(a) if there
197 are changes in the application information, or an affidavit
198 signed by the registrant that the information remains the same
199 as the prior year.

200 (b) Upon request, evidence that the registrant has been

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201 operating in compliance with ss. 560.504 and 560.505. Such
202 evidence may be prescribed by rule by the commission and may
203 include, but is not limited to, all of the following:

204 1. Current disclosures presented to customers during the
205 transaction process.

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

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

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

217 (a) The information required in paragraph (1)(a) if there
218 are changes in the application information, or an affidavit
219 signed by the registrant that the information remains the same
220 as the prior year.

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

225 1. Current disclosures presented to customers during the

226 transaction process.

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

229
230 Any renewal registration made pursuant to this subsection
231 becomes effective upon the date of any certificate of
232 registration that is issued by the office.

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

242 (7) If a control person of a registrant or prospective
243 registrant has engaged in any unlawful business practices, or
244 been convicted or found guilty of a crime involving dishonest
245 dealing, fraud, acts of moral turpitude, or other acts that
246 reflect an inability to engage lawfully in the business of a
247 registered virtual currency kiosk business, the office may not
248 accept the prospective registrant's initial registration
249 application or the registrant's renewal application.

250 (8) A virtual currency kiosk business's renewal

251 application that fails to provide evidence of compliance, if
252 requested in paragraph (3)(b) or as required in paragraph
253 (5)(b), must be denied by the office.

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

260 (10) The commission may adopt rules to administer this
261 section.

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

264 560.504 Disclosures.—

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

268 (a) Be full and complete.

269 (b) Contain no material misrepresentations.

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

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

273 (2) Before authorizing a customer to initiate a virtual
274 currency kiosk transaction, the virtual currency kiosk business
275 shall ensure that the virtual currency kiosk displays the

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276 disclosures in this section on two separate screens:

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

279
280 WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM
281 A STRANGER WHO IS INITIATING A DISHONEST SCHEME. I
282 UNDERSTAND THAT DISHONEST SCHEMES MAY APPEAR IN MANY
283 FORMS, INCLUDING, BUT NOT LIMITED TO:

- 284
- 285 1. Claims of a frozen bank account or credit 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 or
290 companies.
 - 291 5. Requests for disaster relief donations or loans.
 - 292 6. Offers to purchase tickets for lotteries,
293 sweepstakes, or drawings for vehicles.
 - 294 7. Prompts to click on desktop pop-ups, such as virus
295 warnings or communication from alleged familiar
296 merchants.
 - 297 8. Communication from someone impersonating a
298 representative of your bank or a law enforcement
299 officer.
 - 300 9. Requests from persons who are impersonating

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301 relatives or friends in need or promoting investment
302 or romance scams.

303

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

306

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

309

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

315

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

318

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

325 (b) The virtual currency kiosk business must require the

326 customer to respond to the question in paragraph (a) with a "no"
327 response before the customer can proceed to the attestation
328 required in subsection (4).

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

333 (4) After the disclosure provided in subsection (2) and
334 the negative answer to the question provided in paragraph
335 (3)(a), the virtual currency kiosk business must ensure that the
336 virtual kiosk displays, on a screen by itself, the following
337 attestation: "I ATTEST THAT I AM YOUNGER THAN 60 YEARS OF AGE."

338 (a) If a customer attests that he or she is younger than
339 60 years of age, the virtual currency kiosk may allow the
340 customer to proceed with the virtual currency kiosk transaction.

341 (b) If a customer attests that he or she is 60 years of
342 age or older, the virtual currency kiosk business must ensure
343 that the virtual currency kiosk provides such customer with a
344 toll-free number to contact regarding the risks of engaging in
345 virtual currency transactions. The toll-free number must be
346 displayed on the virtual currency kiosk display after the
347 customer attests that he or she is 60 years of age or older.

348 (c) After displaying the toll-free number required under
349 paragraph (b), the virtual kiosk business must ensure that the
350 virtual currency kiosk displays, on a screen by itself, the

351 following attestation in substantially the following form:

352

353 I ATTEST THAT I AM 60 YEARS OF AGE OR OLDER. I ALSO

354 ATTEST THAT I HAVE BEEN GIVEN A TOLL-FREE NUMBER AND

355 THAT I HAVE HAD AN OPPORTUNITY TO CALL SUCH NUMBER TO

356 SPEAK WITH SOMEONE REGARDING THE RISKS OF ENGAGING IN

357 VIRTUAL CURRENCY KIOSK TRANSACTIONS. I FURTHER ATTEST

358 THAT I UNDERSTAND THAT I MAY BE SOLELY RESPONSIBLE FOR

359 LOSS OF FUNDS DUE TO USER ERROR OR FRAUD.

360

361 (d) If a customer makes the attestation in paragraph (c),

362 the virtual currency kiosk may allow the customer to proceed

363 with the virtual currency kiosk transaction.

364 (e) If the customer does not make the attestation in

365 paragraph (c), the virtual currency kiosk business must ensure

366 that the virtual currency kiosk terminates the customer's

367 virtual currency kiosk transaction.

368 (5) The commission may adopt rules to administer this

369 section and to ensure that virtual currency kiosk disclosures

370 are responsive to consumer fraud and emerging technology.

371 Section 8. Section 560.505, Florida Statutes, is created

372 to read:

373 560.505 Conduct of business.—A virtual currency kiosk

374 business may transact business under this part only under the

375 legal name by which such business is registered. The use of a

376 fictitious name is allowed if the fictitious name has been
377 registered with the Department of State and disclosed to the
378 office as part of an initial registration or license
379 application, or subsequent amendment to the application, before
380 its use.

381 Section 9. Section 560.506, Florida Statutes, is created
382 to read:

383 560.506 Enhanced due diligence.—

384 (1) (a) A virtual currency kiosk business must hold a new
385 customer's assets in an initial transaction in a segregated
386 wallet for 48 hours before initiating the transaction.

387 (b) A virtual currency kiosk business may not accept or
388 dispense more than \$1,000 from or to a customer in an initial
389 transaction.

390 (2) A customer may request a refund within the 48-hour
391 holding period provided in paragraph (1) (a), and the assets may
392 be sold at market value and returned to the customer by the
393 virtual currency kiosk business in the same method by which the
394 customer completed his or her initial purchase, notwithstanding
395 any fees.

396 (3) A customer who is 60 years of age or older must be
397 queried for the following information on a single transaction
398 that is exceeds \$3,000:

399 (a) The source of the fund.

400 (b) The purpose of the transaction.

401 (c) The customer's occupation.
 402 (4) The information required in paragraph (3)(a) shall be
 403 queried of a customer if the customer is:

404 (a) Sixty years of age or older and has reached an
 405 aggregate number of transactions totaling \$25,000 or more; or
 406 (b) Fifty-nine years of age or younger and has reached an
 407 aggregate number of transactions totaling \$50,000 or more.

408 Section 10. Section 560.507, Florida Statutes, is created
 409 to read:

410 560.507 Penalties.—

411 (1) A virtual currency kiosk business that violates s.
 412 560.504 commits a felony of the third degree, punishable as
 413 provided in s. 775.082, s. 775.083, or s. 775.084.

414 (2) Each of the following violations constitutes a
 415 misdemeanor of the second degree, punishable as provided in s.
 416 775.082 or s. 775.083:

417 (a) Operating under any name other than that designated in
 418 the registration, unless written notification is given to the
 419 office.

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

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

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Section 11. This act shall take effect January 1, 2025.