

FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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BILL #: [HB 319](#)

TITLE: Virtual Currency Kiosk Businesses

SPONSOR(S): Fabricio

COMPANION BILL: [SB 292](#) (Burton)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Insurance & Banking](#)

17 Y, 0 N



[Commerce](#)

SUMMARY

Effect of the Bill:

The bill establishes a regulatory framework for virtual currency kiosk businesses, and provides protections for users of the kiosks by requiring such businesses to register with the Office of Financial Regulation (OFR), requiring certain disclosures, restricting the name under which such business may transact, and providing penalties for specified violations. The legislative intent of the bill is to reduce unlawful and fraudulent activities. The bill provides the OFR is responsible for supervising virtual currency kiosk businesses, and authorizes the Financial Services Commission (Commission) to adopt rules to regulate them.

Fiscal or Economic Impact:

The bill has an indeterminate impact on the private sector and a minimal impact on the state government.

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ANALYSIS

EFFECT OF THE BILL:

The bill provides for OFR regulation of virtual currency kiosk businesses. (Section [2](#)).

Definitions

The bill creates definitions for the following terms, as used in Chapter 560, F.S., Money Services Businesses:

- "Virtual currency kiosk" means an electronic terminal that acts as a mechanical agent of the owner-operator, enabling the owner-operator to facilitate the exchange of virtual currency for fiat currency or other virtual currency for a customer.
- "Owner-operator" means a registrant or a licensed money services business.
- "Virtual currency kiosk business" or "registrant" means a corporation, limited liability company, limited liability partnership, or foreign entity qualified to do business in this state which operates a virtual currency kiosk and which is not a money transmitter as defined in this section.
- "Virtual currency kiosk transaction" means the process in which a customer uses a virtual currency kiosk to exchange virtual currency for fiat currency or other virtual currency. A transaction begins at the point at which the customer is able to initiate a transaction after the customer is given the option to select the type of transaction or account, and does not include any of the screens that display the required terms and conditions, disclaimers, or attestations.
- "Blockchain analytics" means the process of examining, monitoring, and gathering insights from the data and transaction patterns on a blockchain network. The primary aims of blockchain analytics are to understand and monitor the network's health, track transaction flows, and identify potential security threats, including illicit activity, in order to extract actionable insights.
- "Wallet" means hardware or software that enables customers to store and use virtual currency.

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The bill expands the current definition of “control person” to include virtual currency businesses instead of only money services businesses. (Section [1](#)).

Registration Requirement

The bill prohibits a virtual currency kiosk (VCK) business from operating in Florida without first registering, or renewing its registration, with the OFR. A money transmitter licensed as a money services business (MSB) is exempt from registering as a VCK business. An entity that acts as an intermediary in specified circumstances and otherwise meets the definition of a money transmitter must be licensed as a money services business. For an applicant to register a VCK business, the applicant must submit specified information relating to the proposed applicant and business, attest to specified information relating to blockchain analytics, and within a specified time, any supplemental information required by the OFR. A VCK business operating in Florida on or before January 1, 2026, must submit a registration application to the OFR within 30 days after that date. The bill requires the registrant to report on a form created by the Commission any information contained in an initial application form or an amendment thereto within 30 days after the change is effective. (Section [6](#)).

The bill provides that registration for any VCK business is not transferable or assignable. (Section [5](#)).

Renewal of Registration

The bill directs registrants to renew their registration annually on or before December 31st of the year preceding the expiration date of the registration, and the registrant must submit a renewal application that contains specific information. The bill provides specific instructions on the manner in which a registrant renews an inactive registration, and that failure to renew an inactive registration would result in the registration becoming null and void. If the registration is null and void, the VCK business must submit a new application and a certification of registration must be issued by OFC before the VCK business may conduct business in Florida. (Section [6](#)).

Mandatory Denial of Application

The bill mandates that OFR deny an initial registration application if a control person of a registrant or prospective registrant has engaged in any unlawful business practice, or been convicted or found guilty of, or pled guilty or nolo contendere to, regardless of adjudication, a crime involving dishonest dealing, fraud, acts of moral turpitude, or other acts that reflect an inability to engage lawfully in the business of a registered VCK business.

The bill requires OFR to deny a renewal application if the registrant fails to provide certain evidence of compliance with disclosure requirements and the conduct of business upon request of OFR.

The bill provides that any false statements made by a VCK business with respect to the name of the business or its business address or location in any application for registration renders the registration void. (Section [6](#)).

Disclosures, Attestations, and Confirmations

The bill requires that owner-operators must:

- Display a disclosure warning to consumers about potential dishonest schemes and requiring the customer to acknowledge that they have read the disclosure.
- Display a disclosure that funds lost due to user error or fraud may not be recoverable.
- Confirm whether the customer is using the kiosk to send virtual currency to a wallet owned by someone else and, if so, terminate the transaction unless the owner-operator is a licensed money transmitter.
- Display a disclosure of a toll-free telephone number the kiosk user may call to learn about the risks of the transaction; and
- Require an attestation to specified information, without which the transaction must be terminated. (Section [7](#)).

Conduct of Business

An owner-operator may transact business only under the legal name by which it is registered, except under specified circumstances. An owner-operator must maintain clearly documented policies, processes, and procedures regarding how blockchain analytics activity integrates into their compliance controls, and must apply such blockchain analytics to prevent transfers to wallet addresses linked to known criminal activity. (Section [8](#)).

Penalties

The bill provides that the following constitute third-degree felonies:

- Operating or soliciting business as a VCK business without the proper registration unless the business is licensed as an MSB.
- A person who registers or attempts to register as a virtual currency kiosk business by means of fraud, misrepresentation, or concealment.
- Failure to comply with the required disclosures, attestations, and confirmations for a VCK.

The bill provides that the following constitute second-degree misdemeanors:

- Operating under any name other than that designated in the registration (unless written notification is given to the OFR),
- Assigning or attempting to assign a registration, and
- Operating a VCK without using the required blockchain analytics.

The bill allows a court to invalidate a VCK registration that has failed to comply with the required disclosures, attestations, and confirmations, or has committed one of the crimes provided for by the bill.¹ (Section [9](#)).

Collection of Fees

The bill does not provide authorization for the collection of fees for initial registration applications, the renewal of registrations, or the reactivation of inactive registrations.² (Section [6](#)).

Legislative Intent

The legislative intent of the bill is to reduce unlawful and fraudulent activities by requiring VCK businesses to register with the state and by requiring such businesses and money transmitter licensees to regularly and consistently disclose to all customers of VCK certain specified risks relating to VCK transactions. (Section [4](#)).

RULEMAKING:

Generally, the bill empowers the Commission to promulgate rules to regulate VCK registrants. This includes promulgating rules to formulate the registration process and to regulate VCK disclosures, attestations, and confirmations.

Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The OFR states that there is “no incoming revenue as there are no registration fees included in the bill.”³ OFR has funding in the current budget to comply with the promulgation of new rules and implementing changes to the OFR’s technology systems.⁴

¹ Criminal courts do not have jurisdiction to enforce administrative penalties such as invalidating a registration. *See also*, Florida Office of Financial Regulation, Agency Analysis of 2025 House Bill 319, p. 5 (Mar. 7, 2025).

² Florida Office of Financial Regulation, Agency Analysis of 2025 House Bill 319, p. 5 (Mar. 7, 2025).

³ *Id.*, at 4.

⁴ *Id.*, at 5.

PRIVATE SECTOR:

There is an indeterminate impact on the private sector. This bill may reduce the financial losses associated with VCK scams. However, VCK businesses may incur additional expenditures to comply with the bill provisions.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Virtual Currency

Virtual currency is a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value.⁵ In some environments, it operates like “real” currency⁶ (i.e., the coin and paper money of the United States or of any other country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance).⁷ Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is referred to as “convertible” virtual currency.⁸ Bitcoin is one example of a convertible virtual currency, as it can be digitally traded between users and can be purchased for, or exchanged into, U.S. dollars, Euros, and other real or virtual currencies.⁹

Virtual currencies generally consist of computers operating the network software (nodes) that enable, validate, and store transaction records on a distributed digital ledger (a blockchain).¹⁰ To transfer an asset on a blockchain, a person enters an alphanumeric code known only to the transferor (a private key) into a cryptographic hash function enabled by the network software, which allows the transferor to request that the network software validate a new entry on the ledger showing that control of an asset has been assigned to the recipient.¹¹ Once the network software has validated this transfer, the ledger is altered and the recipient may transfer the asset to another recipient using their own private key.¹² Ledger entries are cryptographically secured, and accounts are identified on a blockchain by alphanumeric “public keys”—not by the owner’s name.¹³

Some persons use the services of a third-party to acquire or transact in virtual currency.¹⁴ For example, certain third-parties provide custody services for their customers’ virtual currency in so called “hosted wallets.”¹⁵ In such arrangements, the third-party wallet host may execute transactions on a blockchain on behalf of a customer using a private key controlled by the third-party wallet host.¹⁶ Other persons do not use the services of such a third-party, in which case they use the private key controlling their virtual currency to transact directly on a blockchain.¹⁷ Such persons may store the private key in a software program or written record, often referred to as an “unhosted wallet.”¹⁸

Virtual currency networks present opportunities as well as risks.¹⁹ The G7 Finance Ministers and Central Bank Governors recently noted that “[t]he widespread adoption of digital payments . . . has the potential to address frictions in existing payment systems by improving access to financial services, reducing inefficiencies, and

⁵ IRS, *Virtual Currencies: What is virtual currency?*, <https://www.irs.gov/filing/digital-assets> (last visited Mar. 12, 2025).

⁶ Often referred to as “fiat” currency.

⁷ IRS, *supra* note 5.

⁸ *Id.*

⁹ *Id.*

¹⁰ FinCEN, *Notice of Proposed Rulemaking: Requirements for Certain Transactions Involving Convertible Virtual Currency or Digital Assets*, <https://www.govinfo.gov/content/pkg/FR-2020-12-23/pdf/2020-28437.pdf> (last visited Mar. 7, 2025).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

lowering costs.”²⁰ At the same time, however, virtual currencies are used in illicit financial activity that presents substantial national security concerns.²¹

Virtual Currency pKiosks

A virtual currency kiosk (VCK), also known as a cryptocurrency kiosk, is a physical machine that enables customers to exchange virtual currencies for fiat currency or other virtual currencies.²² As of 2022, there were over 30,000 virtual currency kiosks in the United States.²³ Consumers are typically charged fees between nine percent and 12 percent of the value of the transaction but such fees may range from four percent to greater than 20 percent of the value of a transaction.²⁴

A VCK business may be unidirectional, only allowing the sale of virtual currency, or bidirectional, allowing for both the sale and purchase of virtual currency.²⁵ To purchase virtual currency from a kiosk, a consumer may store the purchased virtual currency in their own wallet or send the currency to a third party’s wallet if the purchaser has a quick response (QR) code to that person’s wallet.²⁶ To sell virtual currency from a kiosk, a user deposits virtual currency into the machine’s wallet, which is usually done by use of a QR code displayed on the kiosk’s screen, and the kiosk dispenses cash when the transaction is completed.²⁷

State Regulation

The Office of Financial Regulation (OFR) regulates banks, credit unions, other financial institutions, finance companies, and the securities industry.²⁸ The Division of Consumer Finance within OFR licenses and regulates various aspects of the non-depository financial services industries, including MSBs regulated under ch. 560, F.S. A money services business is, “any person located in or doing business in this state, from this state, or into this state from locations outside this state or country who acts as a payment instrument seller, foreign currency exchanger, check casher, or money transmitter.”²⁹ Money transmitters may include virtual currency kiosks. However, virtual currency kiosks do not have to be licensed if they only provide peer to peer transactions.³⁰ Virtual currency kiosks do not currently have to be registered.³¹

OFR can conduct examinations and investigations to determine whether a person has violated the MSB provisions.³²

Since January 2020, scammers have stolen over \$21 million from Floridians using virtual currency kiosks.³³

Federal Regulation

Financial Crimes Enforcement Network (“FinCEN”), a bureau of the United States Department of Treasury³⁴ is responsible for safeguarding the financial system from illegal use, combatting money laundering and related

²⁰ *Id.* (citing the G7 Finance Ministers and Central Bank Governors’ Statement on Digital Payments on Oct. 13, 2020).

²¹ FinCEN Notice of Proposed Rulemaking, *supra* note 6.

²² National Association of Attorneys General, *Your Bitcoin on Every Block: An Introduction to Cryptocurrency Kiosks*, May 4, 2022, <https://www.naaq.org/attorney-general-journal/your-bitcoin-on-every-block-an-introduction-to-cryptocurrency-kiosks/> (last visited Mar. 7, 2025).

²³ McDonnell, S., *United States: US GAO Urges New Virtual Currency Regulations to Counter Human Trafficking and Drug Cartels*, Jan. 2022, available at [US GAO Urges New Virtual Currency Regulations To Counter Human Trafficking And Drug Cartels - Fin Tech - United States \(mondaq.com\)](https://www.gao.gov/products/GAO-22-100) (last visited Mar. 7, 2025).

²⁴ *Supra* note at 19.

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ [S. 20.121\(3\)\(a\)2., F.S.](#)

²⁹ [S. 560.103\(24\), F.S.](#)

³⁰ Email from Ash Mason, Legislative & Cabinet Affairs Director, Office of Financial Regulation, RE: [EXT] HB 319 Virtual Currency Kiosk Businesses (Mar. 5, 2025).

³¹ Florida Office of Financial Regulation, Agency Analysis of 2025 House Bill 319, p. 1 (Mar. 7, 2025).

³² [S. 560.109, F.S.](#)

³³ RE: [EXT] HB 319 Virtual Currency Kiosk Businesses, *supra* note at 30.

³⁴ [31 C.F.R. s. 1010.100\(s\).](#)

crimes, and promoting national security.³⁵ Unless an exception applies, a MSB³⁶ must register with FinCEN.³⁷ An MSB registration period is a two-calendar-year period.³⁸ Any person who fails to comply with the registration requirements is liable for a civil penalty of \$5,000 for each violation.³⁹ A MSB must develop, implement, and maintain an anti-money laundering program, which includes, amongst other things, verifying customer identification.⁴⁰ A MSB must also comply with anti-money laundering reporting requirements, such as reporting certain payment transactions by, through, or to the MSB which involves a transaction more than \$10,000.⁴¹

FinCEN has issued guidance that, unless an exception applies, an administrator⁴² or exchanger⁴³ that: (a) accepts or transmits, or (b) buys or sells, virtual currency⁴⁴ is a money transmitter that is subject to money services business registration, reporting, and recordkeeping requirements.⁴⁵ Therefore, FinCEN treats VCK operators as MSBs, subject to registration regulations.⁴⁶ Notwithstanding this requirement, the United States Government Accountability Office (“GAO”) reports that only 164 of the estimated 297 kiosk operators in the United States were registered, which has contributed to federal agencies, such as FinCEN, facing challenges in identifying VCK locations.⁴⁷

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Insurance & Banking Subcommittee Commerce Committee	17 Y, 0 N	3/13/2025	Lloyd	Herrera

³⁵ The U.S. Treasury Financial Crimes Enforcement Network, *Financial Crimes Enforcement Network: Mission*, available at [Mission | FinCEN.gov](#) (last visited Mar. 7, 2025).

³⁶ “Money services business” is defined as a person wherever located doing business, whether or not on a regular basis or as an organized or licensed business concern, wholly or in substantial part within the United States, in one or more of the capacities specified under federal law. [31 C.F.R. s. 1010.100\(ff\)](#).

³⁷ [31 C.F.R. s. 1022.380\(a\)](#).

³⁸ [31 C.F.R. s. 1022.380\(b\)](#).

³⁹ [31 C.F.R. s. 1022.380\(e\)](#) (providing that each day a violation continues constitutes a separate violation).

⁴⁰ [31 C.F.R. s. 1022.210](#).

⁴¹ [31 C.F.R. s. 1010.311](#).

⁴² “Administrator” is defined as a person engaged as a business in issuing (putting into circulation) a virtual currency, and who has the authority to redeem (to withdraw from circulation) such virtual currency. The U. S. Treasury FinCEN, *Application of FinCEN’s Regulations to Persons Administering, Exchanging, or Using Virtual Currencies*, Mar. 18, 2013, available at [Application of FinCEN’s Regulations to Persons Administering, Exchanging, or Using Virtual Currencies | FinCEN.gov](#) (last visited Mar. 7, 2025).

⁴³ “Exchanger” is defined as a person engaged as a business in the exchange of virtual currency for real currency, funds, or other virtual currency. *Id.*

⁴⁴ “Virtual Currency” is defined as a medium of exchange that operates like a currency in some environments, but does not have all of attributes of real currency. “Convertible” virtual currency has an equivalent value in real currency, or acts as a substitute for real currency. *Id.*

⁴⁵ FinCEN Guidance on Persons Administering, Exchanging, or Using Virtual Currency. “Money transmitter” is defined as a person who provides money transmitter services, which means the acceptance of currency, funds, or other value that substitutes for currency from one person and the transmission of currency, funds, or other value that substitutes for currency to another location or person by any means. “Any means” includes, but is not limited to, a financial agency or institution, a Federal Reserve Bank, an electronic funds transfer network, or an informal value transfer system. [31 C.F.R. s. 1010.100\(ff\)\(5\)\(A\)](#).

⁴⁶ *Id.*

⁴⁷ The GAO, *Virtual Currencies Additional Information Could Improve Federal Agency Efforts to Counter Human and Drug Trafficking [Reissued with Revisions Feb. 7, 2022]*, GAO-22-105462, Published: Dec. 8, 2021, Publicly Released: Jan. 10, 2022, available at <https://www.gao.gov/products/gao-22-105462> (last visited Mar. 7, 2025).

