

**HOUSE . . . . . No. 1089**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

*Bruce J. Ayers*

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act providing for regulation and reporting requirements for qualifying virtual currency kiosk operators.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Bruce J. Ayers</i>	<i>1st Norfolk</i>	<i>1/16/2025</i>

**HOUSE . . . . . No. 1089**

By Representative Ayers of Quincy, a petition (accompanied by bill, House, No. 1089) of Bruce J. Ayers relative to virtual currency kiosk operators. Financial Services.

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**

An Act providing for regulation and reporting requirements for qualifying virtual currency kiosk operators.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1 The General Laws are hereby amended by inserting after chapter 169A the  
2 following chapter:-

3 Chapter 169C Regulation of Virtual Currency Kiosk Operators

4 .

5 Section 1. The following words and phrases when used in this act shall have the  
6 meanings given to them in this section unless the context clearly indicates otherwise:

7 “Bank Secrecy Act” means the Bank Secrecy Act, 31 U.S.C. 5311, et seq. and its  
8 implementing rules and regulations, as amended and recodified from time to time.

9 “Blockchain.” A distributed digital ledger or database which is chronological, consensus-  
10 based, decentralized, and mathematically verified in nature;

11           “Blockchain analytics.” A software service that uses data from various virtual currencies  
12 and their applicable blockchains to provide a risk rating specific to digital wallet addresses from  
13 users of virtual currency kiosks.

14           “Commissioner” The Commissioner of the Massachusetts Division of Banks.

15           “Digital wallet.” Hardware or software that enables individuals to store and use virtual  
16 currency.

17           “Digital wallet address.” An alphanumeric identifier representing a destination on a  
18 blockchain for a virtual currency transfer that is associated with a digital wallet.

19           “Division” The Massachusetts Division of Banks.

20           “Federal Deposit Insurance Corporation or Securities Investor Protection Corporation.” A  
21 bank, credit union, savings and loan association, trust company, savings association, savings  
22 bank, industrial bank, or industrial loan company organized under the laws of the United States  
23 or any state of the United States, if the bank, credit union, savings and loan association, trust  
24 company, savings association, savings bank, industrial bank, or industrial loan company has  
25 federally insured deposits.

26           “Fiat currency.” A medium of exchange that is authorized or adopted by the United  
27 States government as part of its currency and is not backed by a commodity.

28           “Individual.” A natural person.

29           "NMLS." The Nationwide Multistate Licensing System and Registry developed by the  
30 Conference of State Bank Supervisors and the American Association of Residential Mortgage

31 Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or  
32 affiliated entity, for the licensing and registration of persons in financial services industries.

33 “United States PATRIOT Act.” The Uniting and Strengthening America by Providing  
34 Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 and its  
35 implementing rules and regulations, as amended and recodified from time to time.

36 “Secretary.” The Secretary of the Illinois Department of Financial and Professional  
37 Responsibility, the acting Secretary of the Illinois Department of Financial and Professional  
38 Responsibility, or a person authorized by the Illinois Department of Financial and Professional  
39 Responsibility.

40 “Virtual currency.” Any type of digital unit that is used as a medium of exchange or a  
41 form of digitally stored value or that is incorporated into payment system technology. Virtual  
42 currency shall be construed to include digital units of exchange that (A) have a centralized  
43 repository or administrator; (B) are decentralized and have no centralized repository or  
44 administrator; or (C) may be created or obtained by computing or manufacturing effort. Virtual  
45 currency shall not be construed to include digital units that are used (i) solely within online  
46 gaming platforms with no market or application outside such gaming platforms, or (ii)  
47 exclusively as part of a consumer affinity or rewards program, and can be applied solely as  
48 payment for purchases with the issuer or other designated merchants, but cannot be converted  
49 into or redeemed for fiat currency.

50 “Virtual currency kiosk.” An electronic terminal of the virtual currency kiosk operator  
51 that enables the owner or operator to facilitate the exchange of fiat currency for virtual currency  
52 or virtual currency for fiat currency or other virtual currency, including, but not limited to, (A)

53 connecting directly to a separate virtual currency exchange that performs the actual virtual  
54 currency transmission, or (B) drawing upon the virtual currency in the possession of the owner or  
55 operator of the electronic terminal.

56 “Virtual currency kiosk operator.” A corporation, limited liability company, limited  
57 liability partnership, or foreign entity qualified to do business in the State of Illinois which  
58 operates a virtual currency kiosk within the State of Illinois.

59

60 Section 2. (1) Except as otherwise provided in this Section, all information or reports  
61 obtained by the Department from a virtual currency kiosk operator, and all information contained  
62 in or related to an examination, investigation, operating report, or condition report prepared by,  
63 on behalf of, or for the use of the Department, are confidential and are not subject to disclosure  
64 under the Freedom of Information Act.

65 (2) Information contained in the records of the Department that is not confidential and  
66 may be available to the public either on the Department’s website, upon receipt by the  
67 Department of a written request, or in NMLS shall include:

68 (a) the name, business address, telephone number, and unique identifier of a virtual  
69 currency kiosk operator;

70 (b) the business address of a virtual currency kiosk operator’s registered agent for  
71 service; and

72 (c) copies of any final orders of the Department relating to any violation of this  
73 Act or regulations implementing this Act.

74           Section 3. If anything in this Act is inconsistent with Federal law, including but not  
75 limited to the Bank Secrecy Act or the United States PATRIOT Act, the applicable Federal law  
76 shall govern to the extent of any inconsistency.

77

78           Section 4. (1) The Secretary may request evidence of compliance with this Act or a rule  
79 adopted or order issued under this Act as reasonably necessary or appropriate to administer and  
80 enforce this Act, and other applicable law, including the Bank Secrecy Act and the USA  
81 PATRIOT Act.

82           (2) A virtual currency kiosk operator shall provide the Commissioner all records the  
83 Commissioner may reasonably require to ensure compliance with this Act.

84

85           Section 5. As part of establishing a relationship with a customer, and prior to entering  
86 into an initial transaction for, on behalf of, or with such customer, each virtual currency kiosk  
87 operator shall disclose in clear, conspicuous, and legible writing in the English language,  
88 whether in accessible terms of service or elsewhere, all material risks associated with its  
89 products, services, and activities and virtual currency generally, including disclosures  
90 substantially similar to the following:

91           (1) virtual currency is not legal tender, is not backed by the government, and accounts  
92 and value balances are not subject to Federal Deposit Insurance Corporation or Securities  
93 Investor Protection Corporation protections;

94 (2) legislative and regulatory changes or actions at the State, Federal, or international  
95 level may adversely affect the use, transfer, exchange, and value of virtual currency;

96 (3) transactions in virtual currency may be irreversible, and, accordingly, losses due to  
97 fraudulent or accidental transactions may not be recoverable;

98 (4) some virtual currency transactions shall be deemed to be made when recorded on a  
99 public ledger, which is not necessarily the date or time that the customer initiates the transaction;

100 (5) the value of virtual currency may be derived from the continued willingness of market  
101 participants to exchange fiat currency for virtual currency, which may result in the potential for  
102 permanent and total loss of value of a particular virtual currency should the market for that  
103 virtual currency disappear;

104 (6) there is no assurance that a person who accepts a virtual currency as payment today  
105 will continue to do so in the future;

106 (7) the volatility and unpredictability of the price of virtual currency relative to fiat  
107 currency may result in significant loss over a short period of time;

108 (8) the nature of virtual currency may lead to an increased risk of fraud or cyber-attack;

109 (9) the nature of virtual currency means that any technological difficulties experienced by  
110 the virtual currency kiosk operator may prevent the access or use of a customer's virtual  
111 currency; and

112 (10) any bond or trust account maintained by the virtual currency kiosk operator for the  
113 benefit of its customers may not be sufficient to cover all losses incurred by customers.

114           Section 6. When opening an account for a new customer, and prior to entering into an  
115 initial transaction for, on behalf of, or with such customer, each virtual currency kiosk operator  
116 shall disclose in clear, conspicuous, and legible writing in the English language, whether in  
117 accessible terms of service or elsewhere, all relevant terms and conditions associated with its  
118 products, services, and activities and virtual currency generally, including disclosures  
119 substantially similar to the following:

120           (1) the customer’s liability for unauthorized virtual currency transactions;

121           (2) under what circumstances the virtual currency kiosk operator will, absent a court or  
122 government order, disclose information concerning the customer’s account to third parties;

123           (3) the customer’s right to receive periodic account statements and valuations from the  
124 virtual currency kiosk operator;

125           (4) the customer’s right to receive a receipt, trade ticket, or other evidence of a  
126 transaction;

127           (5) the customer’s right to prior notice of a change in the virtual currency kiosk  
128 operator’s rules or policies; and

129           (6) such other disclosures as are customarily given in connection with the opening of  
130 customer accounts.

131           Section 7. Prior to entering into a virtual currency transaction with a customer, each  
132 virtual currency kiosk operator shall ensure a warning is disclosed to a customer substantially  
133 similar to the following:

134           Customer Notice. Please Read Carefully.

135 Did you receive a phone call from your bank, software provider, the police, or were you  
136 directed to make a payment for social security, utility bill, investment, warrants, or bail money at  
137 this kiosk? STOP

138 Is anyone on the phone pressuring you to make a payment of any kind? STOP

139 I understand that the purchase and sale of cryptocurrency is a final irreversible and non-  
140 refundable transaction.

141 I confirm I am sending funds to a wallet I own or directly have control over. I confirm  
142 that I am using funds gained from my own initiative to make my transaction.

143

144 Section 8. Upon completion of any virtual currency kiosk transaction, each virtual  
145 currency kiosk operator shall provide to a customer a digital or physical receipt containing the  
146 following information:

147 (a) the name and contact information of the virtual currency kiosk operator, including  
148 a telephone number established by the virtual currency kiosk operator to answer questions and  
149 register complaints;

150 (b) the type, value, date, and precise time of the transaction in the local time zone;

151 (c) the fee charged;

152 (d) the exchange rate, if applicable;

153 (e) a statement of the liability of the virtual currency kiosk operator for non-delivery  
154 or delayed delivery; and

155 (f) a statement of the refund policy of the virtual currency kiosk operator.

156 Section 9. All virtual currency kiosk operators must use blockchain analytics software to  
157 assist in the prevention of sending purchased virtual currency from a virtual currency kiosk  
158 operator to a digital wallet known to be affiliated with fraudulent activity at the time of a  
159 transaction. The Department may request evidence from any virtual currency kiosk operator of  
160 current use of blockchain analytics.

161 Section 10. All virtual currency kiosk operators performing business in the  
162 Commonwealth of Massachusetts must provide live customer service at a minimum on Monday  
163 through Friday between 8AM EST and 10PM CST. The customer service toll free number must  
164 be displayed on the virtual currency kiosk or the virtual currency kiosk screens.

165 Section 11. All virtual currency kiosk operators shall take reasonable steps to detect and  
166 prevent fraud, including establishing and maintaining a written anti-fraud policy. The anti-fraud  
167 policy shall, at a minimum, include:

168 (1) the identification and assessment of fraud related risk areas;

169 (2) procedures and controls to protect against identified risks;

170 (3) allocation of responsibility for monitoring risks; and

171 (4) procedures for the periodic evaluation and revision of the anti-fraud procedures,  
172 controls, and monitoring mechanisms.

173 Section 12. (1) Each virtual currency kiosk operator shall maintain, implement, and  
174 enforce a written Enhanced Due Diligence Policy. Such a policy must be reviewed and approved

175 by the virtual currency kiosk operator's board of directors or an equivalent governing body of the  
176 virtual currency kiosk operator.

177 (2) The Enhanced Due Diligence Policy shall identify at minimum individuals who are at  
178 risk of fraud based on age or mental capacity.

179 Section 13. (1) Each virtual currency kiosk operator is required to comply with the  
180 provisions of this Act, any lawful order, rule, or regulation made or issued under the provisions  
181 of this Act, and all applicable Federal and State laws, rules, and regulations.

182 (2) Each virtual currency kiosk shall maintain, implement, and enforce written  
183 compliance policies and procedures. Such policies and procedures must be reviewed and  
184 approved by the virtual currency kiosk operator's board of directors or an equivalent governing  
185 body of the virtual currency kiosk operator.

186 Section 14. (1) Each virtual currency kiosk operator must designate and employ a  
187 compliance officer with the following requirements:

188 (a) the individual must be qualified to coordinate and monitor compliance with this Act  
189 and all other applicable Federal and State laws, rules, and regulations;

190 (b) the individual must be employed full-time by the virtual currency kiosk operator; and

191 (c) the designated compliance officer cannot be any individual who owns more than 20%  
192 of the virtual currency kiosk operator by whom the individual is employed.

193 (2) Compliance responsibilities required under Federal and State laws, rules, and  
194 regulations shall be completed by full-time employees of the virtual currency kiosk operator.

195

196           Section 15. (1) Each virtual currency kiosk operator must designate and employ a  
197 consumer protection officer with each of the following requirements:

198           (a) the individual must be qualified to coordinate and monitor compliance with this Act  
199 and all other applicable Federal and State laws, rules, and regulations;

200           (b) the individual must be employed full-time by the virtual currency kiosk operators; and

201           (c) the designated consumer protection officer cannot be an individual who owns more  
202 than 20% of the virtual currency kiosk operator by whom the individual is employed.

203

204           Section 16. (1) Each virtual currency kiosk operator shall submit a report of the location  
205 of each virtual currency kiosk located within the Commonwealth of Massachusetts within 45  
206 days of the end of the calendar quarter. The Commissioner shall formulate a system for virtual  
207 currency kiosk operators to submit such locations that is consistent with the requirements of this  
208 Section.

209           (2) The location report shall include, at a minimum, the following regarding the location  
210 where a virtual currency kiosk is located:

211                   (a) company legal name;

212                   (b) any fictitious or trade name;

213                   (c) physical address;

214 (d) start date of operation of virtual currency kiosk at location; and

215 (e) end date of operate of virtual currency kiosk at location, if applicable;

216

217 Section 17. (1) Any virtual currency kiosk operator who owns, operates, solicits,  
218 markets, advertises, or facilitates virtual currency kiosks in this state shall be deemed to be  
219 engaged in money transmission and require licensure pursuant to this Act.

220 (2) All unlicensed virtual currency kiosk operators must apply for a money transmitter  
221 license within 60 days after this Act goes into effect. Virtual currency kiosk operators who apply  
222 within this time will be allowed to continue operations while the Commonwealth reviews their  
223 application. Any virtual currency kiosk operators whose application is denied by the  
224 Commonwealth of Massachusetts will have to cease operations until they are granted a money  
225 transmitter license.