

SENATE No. 757

The Commonwealth of Massachusetts

PRESENTED BY:

Barry R. Finegold

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 establishing regulations on certain virtual currencies for fraud prevention.

PETITION OF:

NAME:

Barry R. Finegold

DISTRICT/ADDRESS:

Second Essex and Middlesex

SENATE No. 757

By Mr. Finegold, a petition (accompanied by bill, Senate, No. 757) of Barry R. Finegold for legislation to establish regulations on certain virtual currencies for fraud prevention. Financial Services.

The Commonwealth of Massachusetts

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

An Act establishing regulations on certain virtual currencies for fraud prevention.

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. Chapter 167B of the General Laws is hereby amended by adding the
2 following new section:-

3 Section 25. Virtual Currency Kiosks

4 (a) For the purposes of this section, the following words shall, have the following
5 meanings unless the context clearly requires otherwise:

6 “Blockchain”, a mathematically secured, chronological and decentralized ledger or
7 database.

8 “Blockchain analytics”, the analysis of data from blockchains or publicly distributed
9 ledgers, including associated transaction information.

10 “Blockchain analytics software”, a software service that uses blockchain analytics data to
11 provide information including, but not limited to, risk-specific information about virtual currency
12 wallet addresses.

13 “New customer”, an individual who has never previously transacted with the virtual
14 currency kiosk operator; provided, however, that a new customer shall remain defined as such
15 for not less than 30 days after their first financial transaction with the virtual currency kiosk
16 operator.

17 "Transaction hash", a unique identifier made up of a string of characters that act as a
18 record of and provide proof that the transaction was verified and added to the blockchain.

19 "Virtual currency address", an alphanumeric identifier associated with a virtual currency
20 wallet identifying the location to which a virtual currency transaction may be sent.

21 "Virtual currency kiosk", an electronic terminal acting as a mechanical agent of the
22 virtual currency kiosk operator to enable the virtual currency kiosk operator to facilitate the
23 exchange of virtual currency for money, bank credit or other virtual currency, including, but not
24 limited to, by: (i) connecting directly to a separate virtual currency exchange that performs the
25 actual virtual currency transmission; or (ii) drawing upon the virtual currency in the possession
26 of the electronic terminal's operator.

27 “Virtual currency kiosk operator", a person that engages in virtual currency business
28 activity via a money transmission kiosk located in the commonwealth or a person that owns,
29 operates or manages a money transmission kiosk located in the commonwealth through which
30 virtual currency business activity is offered.

31 "Virtual currency kiosk transaction", a transaction conducted or performed, in whole or in
32 part, by electronic means via a virtual currency kiosk; provided, however, that a virtual currency
33 kiosk transaction shall include a transaction made at a virtual currency kiosk to purchase virtual
34 currency with fiat currency or to sell virtual currency for fiat currency.

35 "Virtual currency wallet", a software application or other mechanism providing a means
36 to hold, store or transfer virtual currency.

37 (b) (1) A kiosk operator shall not engage in virtual currency business activity or advertise
38 itself as being able to engage in virtual-currency business activity with or on behalf of another
39 person unless the kiosk operator is licensed in the state as a money transmitter pursuant to
40 chapter 167F, 169 or 169A and accompanying regulations.

41 (2) A virtual currency kiosk operator shall not locate, or allow a third party to locate, a
42 virtual currency kiosk in the commonwealth unless the virtual currency kiosk operator registers
43 the money transmission kiosk and obtains the prior approval of the commissioner for its
44 activation.

45 (3) Each virtual currency kiosk operator shall submit a quarterly report of the location of
46 each virtual currency kiosk located within the commonwealth within 45 days of the end of the
47 calendar quarter. The location report shall include, at a minimum, the following regarding the
48 location where a virtual currency kiosk is located:

49 (i) the company's legal name;

50 (ii) any fictitious or trade name;

51 (iii) the physical address of the kiosk;

- 52 (iv) the start date of operation of a virtual currency kiosk at the location;
- 53 (v) the end date of operation of a virtual currency kiosk at the location, if applicable; and
- 54 (vi) any virtual currency addresses associated with the virtual currency kiosk.

55 (c) A virtual currency kiosk operator must disclose in a clear, conspicuous and easily
56 readable manner in the chosen language of the customer all relevant terms and conditions
57 generally associated with the products, services and activities of the virtual currency kiosk
58 operator and virtual currency; provided, however, that: (i) the virtual currency kiosk operator
59 shall receive acknowledgement of receipt of all disclosures required under this section via
60 confirmation of consent; and

61 (ii) the disclosures provided under this subsection must address, at a minimum:

62 (A) a warning, written prominently and in bold type, and provided separately from the
63 disclosures below, stating: "WARNING: LOSSES DUE TO FRAUDULENT OR
64 ACCIDENTAL TRANSACTIONS ARE NOT RECOVERABLE AND TRANSACTIONS IN
65 VIRTUAL CURRENCY ARE IRREVERSIBLE. IF YOU BELIEVE YOU ARE BEING
66 SCAMMED, CONTACT YOUR LOCAL LAW ENFORCEMENT.";

67 (B) the material risks associated with virtual currency and virtual currency transactions,
68 including a warning that once completed, the transaction may not be reversed; the virtual
69 currency kiosk operator's liability, if any, for unauthorized virtual currency transactions; the
70 virtual currency kiosk customer's liability, if any, for unauthorized currency transactions;
71 disclosure that some virtual currency transactions are deemed to be made when recorded on a
72 public ledger which may not be the date or time when the person initiates the transaction, if

73 applicable; and disclosure that a person who accepts a virtual currency as payment today is not
74 required to accept and may not accept virtual currency in the future

75 (C) the amount of the transaction denominated in dollars as well as the applicable virtual
76 currency;

77 (D) any fees or expenses charged by the virtual currency kiosk operator;

78 (E) any applicable exchange rates;

79 (F) a daily virtual currency transaction limit of no more than \$1,000 for new customers;

80 (G) notice of a change in the virtual currency kiosk operator's rules or policies;

81 (H) the name, address and corporate telephone number of the owner of the kiosk and the
82 days, times and means by which a consumer may contact the owner for consumer assistance,
83 which shall be displayed on or at the location of the virtual currency kiosk or on the first screen
84 of such kiosk;

85 (I) under what circumstances the virtual currency kiosk operator, without a court or
86 government order, discloses a person's account information to third parties; and

87 (J) any other disclosures that are customarily given in connection with a virtual currency
88 transaction.

89 (3) Upon each transaction's completion, the virtual currency kiosk operator shall provide
90 to the customer a physical receipt, unless such customer requests such receipt by electronic mail,
91 in the language chosen by the customer containing:

92 (i) the virtual currency kiosk operator's name and contact information, including a
93 telephone number to answer questions and register complaints;

94 (ii) the type, value, date and precise time of the transaction, transaction hash and each
95 applicable virtual currency address;

96 (iii) the name and contact information of the sender, if applicable;

97 (iv) the name and contact information of the designated recipient;

98 (v) all fees charged;

99 (vi) the exchange rate of the virtual currency to dollars;

100 (vii) a statement of the virtual currency kiosk operator's liability for non-delivery or
101 delayed delivery;

102 (viii) a statement of the virtual currency kiosk operator's refund policy; and,

103 (ix) any additional information the division of banks may require.

104 (d)(1) All virtual currency kiosk operators must use blockchain analytics software to
105 assist in the prevention of sending purchased virtual currency from a virtual currency kiosk
106 operator to a virtual currency wallet known to be affiliated with fraudulent activity at the time of
107 a transaction. The commissioner may request evidence from any virtual currency kiosk operator
108 of current use of blockchain analytics.

109 (2) Virtual currency kiosk operators shall take reasonable steps to detect and prevent
110 fraud, including establishing and maintaining a written anti-fraud policy. The anti-fraud policy
111 shall, at a minimum, include:

- 112 (i) the identification and assessment of fraud related risk areas;
- 113 (ii) procedures and controls to protect against identified risks;
- 114 (iii) allocation of responsibility for monitoring risks; and
- 115 (iv) procedures for the periodic evaluation and revision of the anti-fraud procedures,
- 116 controls, and monitoring mechanisms.

117 (3) Each virtual currency kiosk operator shall designate and employ a compliance officer
118 who:

119 (i) shall be qualified to coordinate and monitor compliance with this section and all other
120 applicable federal and state laws, rules and regulations;

121 (ii) shall be employed full-time by the virtual currency kiosk operator; and

122 (iii) shall not be an individual who owns more than 20 per cent of the virtual currency
123 kiosk operator by whom the individual is employed.

124 (3) Compliance responsibilities required under federal and state laws, rules and
125 regulations shall be completed by full-time employees of the virtual currency kiosk operator.

126 (4) A virtual currency kiosk operator shall issue a refund to a new customer for the full
127 amount of all transactions made within the 30 day new customer time period upon the request of
128 the customer. In order to receive a refund under this paragraph, a new customer shall have been
129 fraudulently induced to engage in such virtual currency transactions and shall have contacted the
130 virtual currency kiosk operator and local or state law enforcement to inform them of the

131 fraudulent nature of the transaction agency within 90 days of the last transaction to occur during
132 the 30 day new customer time period.

133 (e) A virtual currency kiosk operator shall not accept transactions of more than \$1,000 of
134 cash or the equivalent in virtual currency in a day in connection with virtual currency kiosk
135 transactions with a new customer in the commonwealth via 1 or more virtual currency kiosks.

136 (f) The aggregate fees and charges, directly or indirectly, charged to a customer related to
137 a single transaction or series of related transactions involving virtual currency effected through a
138 money transmission kiosk in the commonwealth, including any difference between the price
139 charged to a customer to buy, sell, exchange, swap or convert virtual currency and the prevailing
140 market value of such virtual currency at the time of such transaction, shall be clearly and
141 conspicuously disclosed to the customer prior to the customer's confirmation of the transaction.

142 (g) Virtual currency kiosk operators performing business in the commonwealth shall
143 provide live customer service at a minimum during standard business hours. The customer
144 service toll-free number shall be displayed on the virtual currency kiosk or the virtual currency
145 kiosk screens.

146 SECTION 2. Chapter 10 of the General Laws is hereby amended by inserting after
147 section 78 the following section:-

148 Section 79. The office of the state treasurer shall develop and periodically review and
149 update a digital module and resources on virtual currencies and digital assets to support
150 Massachusetts residents with overseeing their finances, understanding money management
151 strategies and protecting their security. In addition, the office shall develop and periodically
152 review a digital module and resources specifically targeted toward Massachusetts residents over

- 153 the age of 50 to help these individuals identify scams or fraud that are related to or take
- 154 advantage of virtual currencies and how to best avoid being victimized.