

**SENATE . . . . . No.**

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**The Commonwealth of Massachusetts**

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PRESENTED BY:

***Patrick M. O'Connor***

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*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.

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PETITION OF:

NAME:

*Patrick M. O'Connor*

DISTRICT/ADDRESS:

*First Plymouth and Norfolk*

**SENATE . . . . . No.**

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[Pin Slip]

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**The Commonwealth of Massachusetts**

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

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

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

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

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

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

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

18           “Division” The Massachusetts Division of Banks.

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

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

27           “Individual.” A natural person.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

110 SECTION 6. When opening an account for a new customer, and prior to entering into an  
111 initial transaction for, on behalf of, or with such customer, each virtual currency kiosk operator  
112 shall disclose in clear, conspicuous, and legible writing in the English language, whether in

113 accessible terms of service or elsewhere, all relevant terms and conditions associated with its  
114 products, services, and activities and virtual currency generally, including disclosures  
115 substantially similar to the following:

116 (1) the customer's liability for unauthorized virtual currency transactions;

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

119 (3) the customer's right to receive periodic account statements and valuations from the  
120 virtual currency kiosk operator;

121 (4) the customer's right to receive a receipt, trade ticket, or other evidence of a  
122 transaction;

123 (5) the customer's right to prior notice of a change in the virtual currency kiosk  
124 operator's rules or policies; and

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

127 SECTION 7. Prior to entering into a virtual currency transaction with a customer, each  
128 virtual currency kiosk operator shall ensure a warning is disclosed to a customer substantially  
129 similar to the following:

130 Customer Notice. Please Read Carefully.



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

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

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

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

139 SECTION 8. Upon completion of any virtual currency kiosk transaction, each virtual  
140 currency kiosk operator shall provide to a customer a digital or physical receipt containing the  
141 following information:

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

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

146 (c) the fee charged;

147 (d) the exchange rate, if applicable;

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

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

151 SECTION 9. All virtual currency kiosk operators must use blockchain analytics software  
152 to assist in the prevention of sending purchased virtual currency from a virtual currency kiosk  
153 operator to a digital wallet known to be affiliated with fraudulent activity at the time of a  
154 transaction. The Department may request evidence from any virtual currency kiosk operator of  
155 current use of blockchain analytics.

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

160 SECTION 11. All virtual currency kiosk operators shall take reasonable steps to detect  
161 and prevent fraud, including establishing and maintaining a written anti-fraud policy. The anti-  
162 fraud policy shall, at a minimum, include:

- 163 (1) the identification and assessment of fraud related risk areas;
- 164 (2) procedures and controls to protect against identified risks;
- 165 (3) allocation of responsibility for monitoring risks; and
- 166 (4) procedures for the periodic evaluation and revision of the anti-fraud procedures,  
167 controls, and monitoring mechanisms.

168 SECTION 12. (1) Each virtual currency kiosk operator shall maintain, implement, and  
169 enforce a written Enhanced Due Diligence Policy. Such a policy must be reviewed and approved  
170 by the virtual currency kiosk operator's board of directors or an equivalent governing body of the  
171 virtual currency kiosk operator.

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

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

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

181 SECTION 14. (1) Each virtual currency kiosk operator must designate and employ a  
182 compliance officer with the following requirements:

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

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

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

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

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

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

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

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

197 SECTION 16. (1) Each virtual currency kiosk operator shall submit a report of the  
198 location of each virtual currency kiosk located within the Commonwealth of Massachusetts  
199 within 45 days of the end of the calendar quarter. The Commissioner shall formulate a system  
200 for virtual currency kiosk operators to submit such locations that is consistent with the  
201 requirements of this Section.

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

204 (a) company legal name;

205 (b) any fictitious or trade name;

206 (c) physical address;

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

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

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

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