

2025 -- S 0016 SUBSTITUTE A

LC000562/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO FINANCIAL INSTITUTIONS -- CURRENCY TRANSMISSIONS

Introduced By: Senators Gu, Zurier, DiPalma, Burke, Urso, Bell, and Gallo

Date Introduced: January 23, 2025

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 19-14.3-1.1 of the General Laws in Chapter 19-14.3 entitled
2 "Currency Transmissions" is hereby amended to read as follows:

3 **19-14.3-1.1. Definitions.**

4 In addition to the definitions provided in § 19-14-1 the following definitions are applicable
5 to this chapter:

6 (1) "Blockchain analytics" means the analysis of data from blockchains or public
7 distributed ledgers, including associated transaction information.

8 (2) "Blockchain analytics software" means a software service that uses blockchain
9 analytics data to provide risk-specific information about virtual currency wallet addresses, among
10 other things.

11 ~~(1)~~(3) "Control" means:

12 (i) When used in reference to a transaction or relationship involving virtual currency, the
13 power to execute unilaterally or prevent indefinitely a virtual currency transaction; and

14 (ii) When used in reference to a person, the direct or indirect power to direct the
15 management, operations, or policies of the person through legal or beneficial ownership of twenty-
16 five percent (25%) or more of the voting power in the person or under a contract, arrangement, or
17 understanding.

18 ~~(2)~~(4) "Department" means the department of business regulation, division of banking.

19 ~~(3)~~(5) "Exchange," used as a verb, means to assume control of virtual currency from or on

1 behalf of a resident, at least momentarily, to sell, trade, or convert:

2 (i) Virtual currency for legal tender, bank credit, or one or more forms of virtual currency;

3 or

4 (ii) Legal tender or bank credit for one or more forms of virtual currency.

5 ~~(4)~~(6) "Existing customer" means an individual who has been a customer with a virtual

6 currency kiosk operator for more than thirty (30) days after the customer's first financial transaction

7 with the virtual currency kiosk operator.

8 (7) "Legal tender" means a medium of exchange or unit of value, including the coin or

9 paper money of the United States, issued by the United States or by another government.

10 ~~(5)~~(8) "Licensee" means a person licensed under this chapter.

11 ~~(6)~~(9) "Monetary value" means a medium of exchange, whether or not redeemable in

12 money.

13 (10) "New customer" means an individual who has never previously transacted with the

14 virtual currency kiosk operator. The new customer shall remain defined as such during the thirty

15 (30) day period after the first financial transaction with the virtual currency kiosk operator.

16 Following the thirty (30) day period, a new customer automatically converts to an existing

17 customer.

18 ~~(7)~~(11) "Reciprocity agreement" means an arrangement between the department and the

19 appropriate licensing agency of another state that permits a licensee operating under a license

20 granted by the other state to engage in currency transmission business activity with or on behalf of

21 a resident.

22 ~~(8)~~(12) "Record" means information that is inscribed on a tangible medium or that is stored

23 in an electronic or other medium and is retrievable in perceivable form.

24 ~~(9)~~(13) "Registry" means the Nationwide Multistate Licensing System.

25 ~~(10)~~(14) "Resident":

26 (i) Means a person that:

27 (A) Is domiciled in this state;

28 (B) Is physically located in this state for more than one hundred eighty-three (183) days of

29 the previous three hundred sixty-five (365) days; or

30 (C) Has a place of business in this state; and

31 (ii) Includes a legal representative of a person that satisfies subsection (10)(i) of this

32 section.

33 ~~(11)~~(15) "Responsible individual" means an individual who has managerial authority with

34 respect to a licensee's currency transmission business activity with or on behalf of a resident.

1 ~~(12)~~(16) “Sign” means, with present intent to authenticate or adopt a record:

2 (i) To execute or adopt a tangible symbol; or

3 (ii) To attach to or logically associate with the record an electronic symbol, sound, or

4 process.

5 ~~(13)~~(17) “State” means a state of the United States, the District of Columbia, Puerto Rico,

6 the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of

7 the United States.

8 ~~(14)~~(18) “Store,” except in the phrase “store of value,” means to maintain control of virtual

9 currency on behalf of a resident by a person other than the resident. “Storage” and “storing” have

10 corresponding meanings.

11 (19) "Transaction hash" means a unique identifier made up of a string of characters that act

12 as a record of and provide proof that the transaction was verified and added to the blockchain.

13 ~~(15)~~(20) “Transfer” means to assume control of virtual currency from or on behalf of a

14 resident and to:

15 (i) Credit the virtual currency to the account of another person;

16 (ii) Move the virtual currency from one account of a resident to another account of the

17 same resident; or

18 (iii) Relinquish control of virtual currency to another person.

19 ~~(16)~~(21) “U.S. Dollar equivalent of virtual currency” means the equivalent value of a

20 particular virtual currency in United States dollars shown on a virtual currency exchange based in

21 the United States for a particular date or period specified in this chapter.

22 (22) "Virtual currency address" means an alphanumeric identifier associated with a virtual

23 currency wallet identifying the location to which a virtual currency transaction can be sent.

24 ~~(17)~~(23) “Virtual currency business activity” means:

25 (i) Exchanging, transferring, or storing virtual currency whether directly or through an

26 agreement with a virtual currency control-services vendor;

27 (ii) Holding electronic precious metals or electronic certificates representing interests in

28 precious metals on behalf of another person or issuing shares or electronic certificates representing

29 interests in precious metals; or

30 (iii) Exchanging one or more digital representations of value used within one or more

31 online games, game platforms, or family of games for:

32 (A) Virtual currency offered by or on behalf of the same publisher from which the original

33 digital representation of value was received; or

34 (B) Legal tender or bank credit outside the online game, game platform, or family of games

1 offered by or on behalf of the same publisher from which the original digital representation of value
2 was received.

3 ~~(18)~~(24) "Virtual currency control-services vendor" means a person who has control of
4 virtual currency solely under an agreement with a person who, on behalf of another person, assumes
5 control of virtual currency.

6 (25) "Virtual currency kiosk" or "kiosk" means an electronic terminal acting as a
7 mechanical agent of the virtual currency kiosk operator that enables the virtual currency kiosk
8 operator to facilitate the exchange of virtual currency for money, bank credit, or other virtual
9 currency including, but not limited to:

10 (i) Connecting directly to a separate "virtual currency exchange" that performs the actual
11 virtual currency transmission; or

12 (ii) Drawing upon the virtual currency in the possession of the electronic terminal's
13 operator.

14 (26) "Virtual currency kiosk transaction" means a transaction conducted or performed, in
15 whole or in part, by electronic means via a virtual currency kiosk. Virtual currency kiosk transaction
16 also means a transaction made at a virtual currency kiosk to purchase virtual currency with fiat
17 currency or to sell virtual currency for fiat currency.

18 (27) "Virtual currency wallet" means a software application or other mechanism providing
19 a means for holding, storing and transferring virtual currency.

20 (28) "Virtual-currency kiosk operator" means a person or business entity that engages in
21 virtual-currency business activity via a virtual currency kiosk located in this state or a person that
22 owns, operates, or manages a virtual currency kiosk located in this state through which virtual
23 currency business activity is offered.

24 SECTION 2. Chapter 19-14.3 of the General Laws entitled "Currency Transmissions" is
25 hereby amended by adding thereto the following sections:

26 **19-14.3-3.9. Virtual currency kiosk operator licensing and kiosk registration.**

27 (a) A virtual currency kiosk operator shall not engage in virtual currency business activity
28 or hold itself out as being able to engage in virtual currency business activity with or on behalf of
29 another person unless the virtual currency kiosk operator is licensed in the state as a money
30 transmitter.

31 (b) A virtual currency kiosk operator shall not locate, or allow a third party to locate, a
32 virtual currency kiosk in this state unless the virtual currency kiosk operator registers the virtual
33 currency kiosk and obtains the prior approval of the department of business regulation (DBR) for
34 its activation.

1 (c) A virtual currency kiosk operator shall submit to the DBR a quarterly report of the
2 location of each virtual currency kiosk located within the State of Rhode Island within forty-five
3 (45) days of the end of each calendar quarter. The report shall include, at a minimum, the following:

4 (1) The virtual currency kiosk operator's legal name;

5 (2) Any fictitious or trade name of the virtual currency kiosk operator;

6 (3) Physical address of each virtual currency kiosk;

7 (4) Start date of operation of each virtual currency kiosk at the location;

8 (5) End date of operation of each virtual currency kiosk at the location, if applicable; and

9 (6) Virtual currency address(es) associated with each virtual currency kiosk.

10 **19-14.3-3.10. Disclosures.**

11 A virtual currency kiosk operator shall disclose in a clear, conspicuous, and easily readable
12 manner in a chosen language made available to and preferred by the customer, all relevant terms
13 and conditions generally associated with the products, services, and activities of the virtual currency
14 kiosk operator and virtual currency.

15 (1) The virtual currency kiosk operator shall provide an acknowledgement of receipt of all
16 disclosures required under this section to be acknowledged by the customer as confirmation of
17 consent.

18 (2) The disclosures under this subsection shall include, at a minimum, the following
19 provisions:

20 (i) A warning, written prominently and in bold type, and provided separately from the
21 disclosures below, stating: "WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL
22 TRANSACTIONS ARE NOT RECOVERABLE AND TRANSACTIONS IN VIRTUAL
23 CURRENCY ARE IRREVERSIBLE. VIRTUAL CURRENCY TRANSACTIONS MAY BE
24 USED TO STEAL YOUR MONEY BY CRIMINALS IMPERSONATING THE
25 GOVERNMENT, ORGANIZATIONS, OR YOUR LOVED ONES. WRONGDOERS OFTEN
26 THREATEN JAIL TIME, SAY YOUR IDENTITY HAS BEEN STOLEN, ALLEGE YOUR
27 COMPUTER HAS BEEN HACKED, INSIST YOU WITHDRAW MONEY FROM YOUR
28 BANK ACCOUNT TO PURCHASE VIRTUAL CURRENCY, OR UTILIZE A NUMBER OF
29 OTHER ILLEGAL MEANS TO SCAM YOU. IF YOU BELIEVE YOU ARE BEING
30 SCAMMED, CALL YOUR LOCAL LAW ENFORCEMENT."

31 (ii) A written statement disclosing the material risks associated with virtual currency and
32 virtual currency transactions, including:

33 (A) A warning that once completed, the transaction may not be reversed;

34 (B) A disclosure relating to the virtual currency kiosk operator's liability for unauthorized

1 virtual currency transactions;

2 (C) A disclosure relating to the virtual currency kiosk customer's liability for unauthorized
3 currency transactions;

4 (D) A statement that virtual currency is not legal tender, backed or insured by the
5 government, and accounts and value balances are not subject to Federal Deposit Insurance
6 Corporation, National Credit Union Administration, or Securities Investor Protection Corporation
7 protections;

8 (E) A statement that some virtual currency transactions are deemed to be made when
9 recorded on a public ledger which may not be the date or time when the person initiates the
10 transaction;

11 (F) A statement that virtual currency value may be derived from market participants'
12 continued willingness to exchange fiat currency for virtual currency, which may result in the
13 permanent and total loss of a particular virtual currency's value if the market for virtual currency
14 disappears;

15 (G) A statement that a person who accepts virtual currency as payment today is not required
16 to accept and might not accept virtual currency in the future;

17 (H) A statement that the volatility and unpredictability of the price of virtual currency
18 relative to fiat currency may result in a significant loss over a short period of time;

19 (I) A statement that the nature of virtual currency means that any technological difficulties
20 experienced by virtual currency kiosk operators may prevent access to or use of a person's virtual
21 currency; and

22 (J) A disclosure that any bond maintained by the virtual currency kiosk operator for the
23 benefit of a person may not cover all losses a person incurs.

24 (iii) A statement disclosing the amount of the transaction denominated in U.S. Dollars as
25 well as the applicable virtual currency;

26 (iv) A disclosure of any fees or expenses charged by the virtual currency kiosk operator;

27 (v) A disclosure of any applicable exchange rates;

28 (vi) Notice of a change in the virtual currency kiosk operator's rules or policies;

29 (vii) The name, address, and telephone number of the owner of the kiosk and the days,
30 times and means by which a consumer can contact the owner for consumer assistance shall be
31 displayed on or at the location of the kiosk, or on the first screen of such kiosk;

32 (viii) A disclosure of the circumstances under which the virtual currency kiosk operator,
33 without a court or government order, discloses a person's account information to third parties; and

34 (ix) Other disclosures that are customarily given in connection with a virtual currency

1 transaction.

2 (3) Transaction receipt. Effective November 1, 2025, upon each transaction's completion,
3 the virtual currency kiosk operator shall provide a person with a physical receipt in a chosen
4 language made available to and preferred by the customer which shall contain the following
5 information:

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

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

10 (iii) The name and contact information of the sender;

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

12 (v) All fees charged;

13 (vi) The exchange rate of the virtual currency to U.S. Dollars;

14 (vii) A statement of the virtual currency kiosk operator's liability for non-delivery or
15 delayed delivery;

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

17 (ix) Any additional information or formatting the department of business regulation may
18 require.

19 **19-14.3-3.11. Prevention of fraudulent activity.**

20 All virtual currency kiosk operators shall use blockchain analytics software to assist in the
21 prevention of sending purchased virtual currency from a virtual currency kiosk operator to a virtual
22 currency wallet known to be affiliated with fraudulent activity at the time of a transaction. The
23 department of business regulation may request evidence from a virtual currency kiosk operator
24 relating to its current use of blockchain analytics.

25 (1) All virtual currency kiosk operators shall take reasonable steps to detect and prevent
26 fraud, including establishing and maintaining a written anti-fraud policy. The anti-fraud policy
27 shall, at a minimum, include:

28 (i) The identification and assessment of fraud related risk areas;

29 (ii) Procedures and controls to protect against identified risks;

30 (iii) Allocation of responsibility for monitoring risks; and

31 (iv) Procedures for the periodic evaluation and revision of anti-fraud procedures, controls,
32 and monitoring mechanisms.

33 (2) Each virtual currency kiosk operator shall designate and employ a compliance officer
34 in accordance with the following requirements:

1 (i) The compliance officer shall be qualified to coordinate and monitor compliance with
2 any virtual currency business activity transacted in this state pursuant to this chapter and all other
3 applicable federal and state laws, rules, and regulations;

4 (ii) The compliance officer shall be employed full-time by the virtual currency kiosk
5 operator; and

6 (iii) The compliance officer shall not be an individual who owns more than a twenty percent
7 (20%) interest of the virtual currency kiosk operator by whom the individual is employed.

8 (3) Upon request of the customer, a virtual currency kiosk operator shall issue a refund to
9 a new customer for the full amount of all transactions made within the thirty (30) day new customer
10 time period as provided in the definition of "new customer" in § 19-14.3-1.1. In order to receive a
11 refund under this subsection, a new customer shall have been fraudulently induced to engage in the
12 virtual currency transaction(s) and shall contact the virtual currency kiosk operator and a
13 government or law enforcement agency to inform them of the fraudulent nature of the transaction(s)
14 within ninety (90) days of the last transaction to occur during the thirty (30) day new customer time
15 period.

16 (4) A virtual currency kiosk operator shall issue a refund to an existing customer for the
17 full amount of all transaction fees upon the request of an existing customer. In order to receive a
18 refund under this subsection, an existing customer shall have been fraudulently induced to engage
19 in the virtual currency transaction(s) and shall contact the virtual currency kiosk operator and a
20 government or law enforcement agency to inform them of the fraudulent nature of the transaction(s)
21 within ninety (90) days of each transaction.

22 **19-14.3-3.12. Daily transaction limit for new and existing customers.**

23 (a) For new customers a virtual currency kiosk operator shall not accept transactions of
24 more than two thousand U.S. dollars (\$2,000) a day of cash or the equivalent.

25 (b) For existing customers, a virtual currency kiosk operator shall not accept transactions
26 of more than five thousand U.S. dollars (\$5,000) a day of cash or the equivalent.

27 (c) The limits imposed by this section apply to a single customer without regard to the
28 number of virtual currency kiosks utilized in the state.

29 **19-14.3-3.13. Customer service.**

30 All virtual currency kiosk operators performing business in the state shall provide live
31 customer service, at a minimum, Monday through Friday between 8:00 AM EST and 10:00 PM
32 EST. The customer service toll free number shall be displayed on the virtual currency kiosk or the
33 virtual currency kiosk screen.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO FINANCIAL INSTITUTIONS -- CURRENCY TRANSMISSIONS

1 This act would create a process for the licensure and oversight by the department of
2 business regulation over the practices and procedures of virtual currency kiosk operators to prevent
3 fraud related to the use of virtual currency kiosks, by establishing daily transaction limits and the
4 regulating of fees.

5 This act would take effect upon passage.

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