



General Assembly

Amendment

February Session, 2024

LCO No. 5038



Offered by:

REP. DOUCETTE, 13th Dist.

REP. DELNICKI, 14th Dist.

To: Subst. House Bill No. 5211

File No. 178

Cal. No. 153

"AN ACT CONCERNING VIRTUAL CURRENCY AND MONEY TRANSMISSION."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Section 36a-596 of the 2024 supplement to the general
4 statutes is repealed and the following is substituted in lieu thereof
5 (*Effective October 1, 2024*):

6 As used in sections 36a-595 to [36a-613] 36a-614, inclusive, as
7 amended by this act, unless the context otherwise requires:

8 (1) "Advertise" or "advertising" has the same meaning as provided in
9 section 36a-485.

10 (2) "Authorized delegate" means a person designated by a person
11 licensed pursuant to sections 36a-595 to 36a-612, inclusive, to provide
12 money transmission services on behalf of such licensed person.

13 (3) "Control" means (A) the power to vote, directly or indirectly, at
14 least twenty-five per cent of the outstanding voting shares or voting
15 interests of a licensee or person in control of a licensee, [;] (B) the power
16 to elect or appoint a majority of key individuals or executive officers,
17 managers, directors, trustees or other persons exercising managerial
18 authority of a person in control of a licensee, [;] or (C) the power to
19 exercise, directly or indirectly, a controlling influence over the
20 management or policies of a licensee or person in control of a licensee.
21 For purposes of this subdivision, [:] (i) [A] a person is presumed to
22 exercise a controlling influence when the person holds the power to
23 vote, directly or indirectly, at least ten per cent of the outstanding voting
24 shares or voting interests of a licensee or person in control of a licensee,
25 (ii) a person presumed to exercise a controlling influence can rebut such
26 presumption if the person is a passive investor, and (iii) to determine
27 the percentage of control, a person's interest shall be aggregated with
28 the interest of any other immediate family member, including the
29 person's spouse, parent, child, sibling, mother-in-law, father-in-law,
30 son-in-law, daughter-in-law, brother-in-law, sister-in-law and any other
31 person who shares the person's home.

32 (4) "Control person" means any individual in control of a licensee or
33 applicant, any individual who seeks to acquire control of a licensee or a
34 key individual.

35 (5) "Electronic payment instrument" (A) means a card or other
36 tangible object (i) for the transmission of money or monetary value or
37 payment of money, (ii) which contains a microprocessor chip, magnetic
38 stripe [,] or other means for the storage of information, (iii) that is
39 prefunded, and (iv) for which the value is decremented upon each use,
40 [but] and (B) does not include a card or other tangible object that is
41 redeemable by the issuer in the issuer's goods or services.

42 (6) "Existing customer" means a consumer who (A) is engaging in a
43 transaction at a virtual currency kiosk in the state, (B) has performed not
44 fewer than three virtual currency transactions with the owner or
45 operator of such virtual currency kiosk, and (C) has been registered as a

46 customer of such owner or operator for more than seventy-two hours.

47 ~~[(6)]~~ (7) "Holder" means a person, other than a purchaser, who is
48 either in possession of a payment instrument and is the named payee
49 thereon or in possession of a payment instrument issued or endorsed to
50 such person or bearer or in blank. "Holder" does not include any person
51 who is in possession of a lost, stolen or forged payment instrument.

52 ~~[(7)]~~ (8) "Key individual" means any individual ultimately
53 responsible for establishing or directing policies and procedures of the
54 licensee, including, but not limited to, an executive officer, manager,
55 director or trustee.

56 ~~[(8)]~~ (9) "Licensee" means any person licensed or required to be
57 licensed pursuant to sections 36a-595 to 36a-612, inclusive.

58 ~~[(9)]~~ (10) "Main office" has the same meaning as provided in section
59 36a-485.

60 ~~[(10)]~~ (11) "Monetary value" means a medium of exchange, whether
61 or not redeemable in money.

62 ~~[(11)]~~ (12) "Money transmission" means engaging in the business of
63 issuing or selling payment instruments or stored value, receiving money
64 or monetary value for current or future transmission or the business of
65 transmitting money or monetary value within the United States or to
66 locations outside the United States by any and all means including, but
67 not limited to, payment instrument, wire, facsimile, electronic transfer
68 or virtual currency kiosk.

69 (13) "New customer" means a consumer who (A) is engaging in a
70 transaction at a virtual currency kiosk in the state, (B) has performed
71 fewer than three virtual currency transactions with the owner or
72 operator of such virtual currency kiosk, and (C) has been registered as a
73 customer of such owner or operator for less than seventy-two hours.

74 ~~[(12)]~~ (14) "Outstanding" means (A) in the case of a payment
75 instrument or stored value, that ~~[:]~~ (i) [It] such instrument or value is

76 sold or issued in the United States, [;] (ii) a report of [it] such instrument
77 or value has been received by a licensee from its authorized delegates,
78 [;] and (iii) [it] such instrument or value has not yet been paid by the
79 issuer, and (B) for all other money transmissions, the value reported to
80 the licensee for which the licensee or any authorized delegate has
81 received money or its equivalent value from the customer for
82 transmission, but has not yet completed the money transmission by
83 delivering the money or monetary value to the person designated by the
84 customer.

85 [(13)] (15) "Passive investor" means a person that [:] (A) [Does] does
86 not have the power to elect a majority of key individuals or executive
87 officers, managers, directors, trustees or other persons exercising
88 managerial authority of a person in control of a licensee, [;] (B) is not
89 employed by and does not have any managerial duties of the licensee or
90 person in control of a licensee, [;] (C) does not have the power to
91 exercise, directly or indirectly, a controlling influence over the
92 management or policies of a licensee or person in control of a licensee,
93 [;] and (D) attests to subparagraphs (A), (B) and (C) of this subdivision
94 in the form and manner prescribed by the commissioner.

95 [(14)] (16) "Payment instrument" means a check, draft, money order,
96 travelers check or electronic payment instrument that evidences either
97 an obligation for the transmission of money or monetary value or
98 payment of money, or the purchase or the deposit of funds for the
99 purchase of such check, draft, money order, travelers check or electronic
100 payment instrument.

101 [(15)] (17) "Permissible investment" means [:] (A) [Cash] (i) cash in
102 United States currency, [;] including, but not limited to, demand
103 deposits, savings deposits and funds in demand deposit and savings
104 deposit accounts held for the benefit of a licensee's customers in an
105 insured depository institution, and (ii) cash equivalents, including, but
106 not limited to, (I) automated clearing house items in transit to a licensee
107 or payee, (II) international wires in transit to a payee, (III) cash in transit
108 via armored car, (IV) cash in smart safes, (V) cash in locations owned by

109 licensees, (VI) transmission receivables that are funded by debit cards
110 or credit cards and owed by any bank, and (VII) money market mutual
111 funds rated "AAA" or the equivalent by S & P Global, Incorporated, in
112 the "S & P Global Ratings" or by any other rating service recognized by
113 the commissioner, (B) time deposits, as defined in section 36a-2, or other
114 debt instruments of a bank, [;] (C) bills of exchange or bankers
115 acceptances which are eligible for purchase by member banks of the
116 Federal Reserve System, [;] (D) commercial paper of prime quality, [;]
117 (E) interest-bearing bills, notes, bonds, debentures or other obligations
118 issued or guaranteed by [;] (i) [The] the United States or any of its
119 agencies or instrumentalities, or (ii) any state, or any agency,
120 instrumentality, political subdivision, school district or legally
121 constituted authority of any state if such investment is of prime quality,
122 [;] (F) interest-bearing bills or notes, or bonds, debentures or preferred
123 stocks, traded on any national securities exchange or on a national over-
124 the-counter market, if such debt or equity investments are of prime
125 quality, [;] (G) receivables due from authorized delegates consisting of
126 the proceeds of the sale of payment instruments which are not past due
127 or doubtful of collection, [;] (H) gold, [;] and (I) any other investments
128 approved by the commissioner. Notwithstanding the provisions of this
129 subdivision, if the commissioner at any time finds that an investment of
130 a licensee is unsatisfactory for investment purposes, the investment
131 shall not qualify as a permissible investment.

132 [(16)] (18) "Prime quality" of an investment means that it is within the
133 top four rating categories in any rating service recognized by the
134 commissioner unless the commissioner determines for any licensee that
135 only those investments in the top three rating categories qualify as
136 prime quality.

137 [(17)] (19) "Purchaser" means a person who buys or has bought a
138 payment instrument or who has given money or monetary value for
139 current or future transmission.

140 (20) "Receipt" means a paper record, electronic record or other written
141 confirmation of a money transmission transaction.

142 [(18)] (21) "Stored value" means monetary value that is evidenced by
143 an electronic record. For the purposes of this subdivision, "electronic
144 record" means information that is stored in an electronic medium and is
145 retrievable in perceivable form.

146 [(19)] (22) "Travelers check" means a payment instrument for the
147 payment of money that contains a provision for a specimen signature of
148 the purchaser to be completed at the time of a purchase of the
149 instrument and a provision for a countersignature of the purchaser to
150 be completed at the time of negotiation.

151 [(20)] (23) "Unique identifier" has the same meaning as provided in
152 section 36a-485.

153 [(21)] (24) "Virtual currency" means any type of digital unit that is
154 used as a medium of exchange or a form of digitally stored value or that
155 is incorporated into payment system technology. Virtual currency shall
156 be construed to include digital units of exchange that (A) have a
157 centralized repository or administrator, [;] (B) are decentralized and
158 have no centralized repository or administrator, [;] or (C) may be created
159 or obtained by computing or manufacturing effort. Virtual currency
160 shall not be construed to include digital units that are used (i) solely
161 within online gaming platforms with no market or application outside
162 such gaming platforms, or (ii) exclusively as part of a consumer affinity
163 or rewards program, and can be applied solely as payment for
164 purchases with the issuer or other designated merchants, but cannot be
165 converted into or redeemed for fiat currency.

166 [(22)] (25) "Virtual currency address" means an alphanumeric
167 identifier representing a destination for a virtual currency transfer that
168 is associated with a virtual currency wallet.

169 [(23)] (26) "Virtual currency kiosk" means an electronic terminal
170 acting as a mechanical agent of the owner or operator to enable the
171 owner or operator to facilitate the exchange of virtual currency for fiat
172 currency or other virtual currency, including, but not limited to, by (A)
173 connecting directly to a separate virtual currency exchanger that

174 performs the actual virtual currency transmission, or (B) drawing upon
175 the virtual currency in the possession of the owner or operator of the
176 electronic terminal.

177 [(24)] (27) "Virtual currency wallet" means a software application or
178 other mechanism providing a means for holding, storing and
179 transferring virtual currency.

180 Sec. 2. Subsection (a) of section 36a-597 of the general statutes is
181 repealed and the following is substituted in lieu thereof (*Effective October*
182 *1, 2024*):

183 (a) No person shall engage in the business of money transmission in
184 this state, or advertise or solicit such services, without a main office
185 license issued by the commissioner as provided in sections 36a-595 to
186 36a-612, inclusive, except as an authorized delegate of a person that has
187 been issued a license by the commissioner and in accordance with
188 section 36a-607. Any activity subject to licensure pursuant to sections
189 36a-595 to 36a-612, inclusive, shall be conducted from an office located
190 in a state, as defined in section 36a-2. On and after October 1, 2024, any
191 person who owns, operates, solicits, markets, advertises or facilitates
192 virtual currency kiosks in this state shall be deemed to be engaged in the
193 business of money transmission in this state and shall be subject to
194 licensure pursuant to sections 36a-595 to 36a-612, inclusive. A person
195 engaged in the business of money transmission is acting in this state
196 under this section if such person: (1) Has a place of business located in
197 this state, (2) receives money or monetary value in this state or from a
198 person located in this state, (3) transmits money or monetary value from
199 a location in this state or to a person located in this state, (4) issues stored
200 value or payment instruments that are sold in this state, [or] (5) sells
201 stored value or payment instruments in this state, or (6) owns, operates,
202 solicits, markets, advertises or facilitates virtual currency kiosks
203 physically located in this state.

204 Sec. 3. Section 36a-599 of the general statutes is repealed and the
205 following is substituted in lieu thereof (*Effective October 1, 2024*):

206 (a) Each applicant for a money transmission license shall pay to the
207 system any required fees or charges and a license fee of one thousand
208 eight hundred seventy-five dollars. Each such license shall expire at the
209 close of business on December thirty-first of the year in which the license
210 was approved, unless such license is renewed, except that any such
211 license approved on or after November first shall expire at the close of
212 business on December thirty-first of the year following the year in which
213 it is approved. An application for renewal of a license shall be filed
214 between November first and December thirty-first of the year in which
215 the license expires. Each applicant for renewal of a money transmission
216 license shall pay to the system any required fees or charges and a
217 renewal fee of one thousand one hundred twenty-five dollars.

218 (b) Not later than fifteen days after the date a licensee ceases to
219 engage in the business of money transmission in this state for any
220 reason, including a business decision to terminate operations in this
221 state, license revocation, bankruptcy or voluntary dissolution, such
222 licensee shall request surrender of the license in accordance with
223 subsection (c) of section 36a-51 for each location where such licensee has
224 ceased to engage in such business. The licensee shall also identify, in
225 writing, to the commissioner the location where the records of the
226 licensee will be stored and the name, address and telephone number of
227 an individual authorized to provide access to the records. The surrender
228 of a license does not reduce or eliminate the licensee's civil or criminal
229 liability arising from acts or omissions occurring prior to the surrender
230 of the license, including any administrative actions undertaken by the
231 commissioner to revoke or suspend a license, assess a civil penalty,
232 order restitution or exercise any other authority provided to the
233 commissioner.

234 (c) Each license shall remain in force and effect until the license has
235 been surrendered, revoked or suspended or has expired in accordance
236 with the provisions of sections 36a-595 to 36a-612, inclusive. No
237 abatement of the license fee shall be made if the applicant is denied or
238 withdrawn prior to issuance of the license or if the license is
239 surrendered, revoked or suspended prior to the expiration of the period

240 for which it was issued. All fees required by this section shall be
241 nonrefundable.

242 (d) Each licensee shall maintain a detailed plan and accounting as to
243 how the licensee shall engage in winding down operations, and shall
244 provide such plan and accounting to the commissioner upon request.
245 Such plan and accounting shall contain:

246 (1) A record showing that the licensee's minimum net worth and
247 reserves are sufficient to prevent losses to consumers and purchasers
248 and to repay any outstanding obligations or accounts payable;

249 (2) Procedures to ensure that, after winding down operations, the
250 licensee shall not retain any consumer funds, purchaser funds or other
251 client funds;

252 (3) A plan demonstrating that consumers shall have access to
253 consumer funds in the licensee's custody;

254 (4) Detailed instructions informing consumers how they may
255 withdraw consumer funds upon request; and

256 (5) Any other records and information requested by the
257 commissioner regarding winding down operations.

258 (e) No licensee shall terminate such licensee's business unless the
259 following conditions are met:

260 (1) The licensee provides written notice to the commissioner of the
261 proposed termination at least thirty days prior to the effective date of
262 such proposed termination;

263 (2) The licensee notifies, in writing, all consumers, purchasers and
264 users of the licensee of the proposed termination, and the date of such
265 proposed termination, at least thirty days prior to the date of such
266 proposed termination;

267 (3) The licensee provides all consumers, purchasers and users of the

268 licensee with detailed final accountings of the accounts of such
269 consumers, purchasers and users;

270 (4) The licensee remits all money held in the custody of the licensee
271 on behalf of consumers, purchasers and users to such consumers,
272 purchasers and users; and

273 (5) The licensee files a request to surrender such licensee's license and
274 the commissioner accepts such request.

275 Sec. 4. Section 36a-613 of the 2024 supplement to the general statutes
276 is repealed and the following is substituted in lieu thereof (*Effective*
277 *October 1, 2024*):

278 (a) The owner or operator of a virtual currency kiosk shall, in
279 establishing a relationship with a customer and prior to entering into an
280 initial virtual currency transaction for, on behalf of or with the customer,
281 disclose in clear, conspicuous and legible writing in the English
282 language all material risks associated with virtual currency generally,
283 including, but not limited to, the following:

284 (1) A disclosure, which shall be acknowledged by the customer,
285 provided separately from the disclosures provided pursuant to
286 subdivisions (2) to (9), inclusive, of this subsection and written
287 prominently and in bold type, stating the following: "WARNING:
288 LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS
289 MAY NOT BE RECOVERABLE AND TRANSACTIONS IN VIRTUAL
290 CURRENCY ARE IRREVERSIBLE.";

291 (2) Virtual currency is not backed or insured by the government and
292 accounts and value balances are not subject to Federal Deposit
293 Insurance Corporation, National Credit Union Administration or
294 Securities Investor Protection Corporation protections;

295 (3) Some virtual currency transactions shall be deemed to be made
296 when recorded on a public ledger, which may not be the date or time
297 when the customer initiates the virtual currency transaction;

298 (4) The value of virtual currency may be derived from the continued
299 willingness of market participants to exchange fiat currency for virtual
300 currency, which may result in the permanent and total loss of the value
301 of a particular virtual currency, if the market for that virtual currency
302 disappears;

303 [(5) There is no assurance that a person who accepts a virtual
304 currency as payment today will continue to do so in the future;]

305 [(6)] (5) The volatility and unpredictability of the price of virtual
306 currency relative to fiat currency may result in a significant loss over a
307 short period of time;

308 [(7) The nature of virtual currency may lead to an increased risk of
309 fraud or cyber attack;

310 (8) The nature of virtual currency means that any technological
311 difficulties experienced by the owner or operator may prevent access to
312 or use of a customer's virtual currency; and]

313 [(9)] (6) Any bond maintained by the owner or operator for the benefit
314 of the customers of such owner or operator may not be sufficient to
315 cover all losses incurred by such customers; and

316 (7) Virtual currency transactions are irreversible and are used by
317 persons seeking to defraud customers, including, but not limited to, a
318 person impersonating a customer's loved one, threatening jail time,
319 stating that a customer's identity has been stolen, insisting that a
320 customer withdraw money from the customer's bank account and
321 purchase cryptocurrency or alleging a customer's personal computer
322 has been hacked.

323 (b) The owner or operator of a virtual currency kiosk shall, when
324 opening an account for a new customer and prior to entering into an
325 initial virtual currency transaction for, on behalf of or with such
326 customer, disclose in clear, conspicuous and legible writing in the
327 English language, using not less than twenty-four point sans-serif-type

328 font, all relevant terms and conditions associated with the products,
329 services and activities of the owner or operator and virtual currency
330 generally, including, but not limited to, the following:

331 (1) The customer's liability for unauthorized virtual currency
332 transactions;

333 (2) The customer's right to stop payment of a preauthorized virtual
334 currency transfer and the procedure used to initiate a stop-payment
335 order;

336 (3) Under what circumstances the owner or operator will, absent a
337 court or government order, disclose information concerning the
338 customer's account to third parties;

339 [(4) The customer's right to receive periodic account statements and
340 valuations from the owner or operator;]

341 (4) The requirement that the owner or operator communicate to the
342 customer what customer information may be disclosed to third parties;

343 (5) The customer's right to receive a physical, printed receipt [, trade
344 ticket or other evidence of] for a virtual currency transaction at the time
345 of the transaction; and

346 (6) [The] Upon any change in the rules or policies of the owner or
347 operator, the customer's right to [prior notice of a change in the] consent
348 to such changed rules or policies [of the owner or operator] prior to
349 performing any transaction after such change.

350 (c) The owner or operator of a virtual currency kiosk shall, prior to
351 each transaction in virtual currency for, on behalf of or with a customer,
352 disclose to such customer in clear, conspicuous and legible writing in
353 the English language, using not less than twenty-four point sans-serif-
354 type font, the terms and conditions of the virtual currency transaction,
355 including, but not limited to, the following:

356 (1) The amount of the transaction;

357 (2) Any fees, expenses and charges borne by the customer, including,
358 but not limited to, applicable exchange rates;

359 (3) The type and nature of the virtual currency transaction;

360 (4) A warning that, once executed, the virtual currency transaction
361 may not be undone, if applicable;

362 (5) A daily virtual currency transaction limit in accordance with
363 subsection (g) of this section; and

364 (6) The difference in the sale price of the virtual currency versus the
365 current market price.

366 (d) The owner or operator of a virtual currency kiosk shall ensure that
367 each customer acknowledges receipt of all disclosures required under
368 this section.

369 (e) (1) The owner or operator of a virtual currency kiosk shall, upon
370 the completion of any virtual currency transaction, provide to the
371 customer a receipt containing the following information:

372 [(1)] (A) The name of, and contact information for, the owner or
373 operator, including, but not limited to, the owner or operator's business
374 address and a customer service telephone number established by the
375 owner or operator to answer questions and register complaints;

376 (B) The name of the customer;

377 [(2)] (C) The type, value, date and precise time of such virtual
378 currency transaction, and each virtual currency address;

379 (D) The amount of such virtual currency transaction expressed in
380 United States currency;

381 (E) The full unique transaction hash or identification number;

382 (F) The public virtual currency address of the customer;

- 383 (G) The unique identifier;
- 384 [(3) The] (H) Any fee charged, including, but not limited to, any fee
385 charged directly or indirectly by the owner or operator or a third party
386 involved in such virtual currency transaction;
- 387 [(4)] (I) The exchange rate, if applicable;
- 388 (J) Any tax collected by the owner or operator for such virtual
389 currency transaction;
- 390 [(5)] (K) A statement of the liability of the owner or operator for
391 nondelivery or delayed delivery;
- 392 [(6)] (L) A statement of the refund policy of the owner or operator;
393 [and]
- 394 (M) The name and telephone number of the Department of Banking
395 and a statement disclosing that the owner or operator's customers may
396 contact the department with questions or complaints about the owner
397 or operator's virtual currency kiosk services; and
- 398 [(7)] (N) Any additional information the Banking Commissioner may
399 require.
- 400 (2) The receipt required under subdivision (1) of this subsection:
- 401 (A) Shall be provided in (i) a retainable form, (ii) the English
402 language, and (iii) the language principally used by the owner or
403 operator of the virtual currency kiosk to advertise, solicit or negotiate,
404 either orally or in writing; and
- 405 (B) May be provided electronically if the customer requests or agrees
406 to receive an electronic receipt.
- 407 (f) The [Banking Commissioner may establish a schedule of
408 maximum fees that] total amount of any fee and commission charged
409 by an owner or operator of a virtual currency kiosk [may charge for
410 specific services] for a virtual currency transaction shall not exceed

411 fifteen per cent of the amount of the virtual currency transaction.

412 (g) There [is] are established [a] the following maximum daily virtual
413 currency kiosk transaction [limit of two] limits:

414 (1) Two thousand [five hundred] dollars for each new customer of a
415 virtual currency kiosk; and

416 (2) Five thousand dollars for each existing customer of a virtual
417 currency kiosk.

418 (h) The owner or operator of a virtual currency kiosk shall [, at such
419 owner's or operator's cost and within seventy-two hours after a virtual
420 currency transaction, allow the] allow a new customer, upon the request
421 of the new customer, to cancel and receive a full refund for [the] any
422 fraudulent virtual currency [transaction if such virtual currency
423 transaction: (1) Is the customer's first virtual currency transaction with
424 such owner or operator; and (2) is to a virtual currency wallet or
425 exchange located outside of the United States.] transactions that
426 occurred not later than seventy-two hours after the new customer
427 registered as a customer of such owner or operator if, not later than
428 thirty days after the last virtual currency transaction that occurred
429 during such seventy-two hour period, the new customer:

430 (1) Contacts such owner or operator and a government or law
431 enforcement agency to inform such owner or operator and government
432 or law enforcement agency of the fraudulent nature of such virtual
433 currency transaction; and

434 (2) Files a report with a government or law enforcement agency
435 memorializing the fraudulent nature of such virtual currency
436 transaction.

437 (i) Each owner or operator of a virtual currency kiosk shall:

438 (1) Obtain a copy of a government-issued identification card that
439 identifies each customer of such owner or operator;

440 (2) Maintain restrictions that prevent more than one customer of such
441 owner or operator from using the same virtual currency wallet;

442 (3) Be able to prevent designated virtual currency wallets from being
443 used at any virtual currency kiosk owned or operated by such owner or
444 operator;

445 (4) Use an established third party that specializes in performing
446 blockchain analyses to preemptively perform such analyses to identify
447 and prevent high risk or sanctioned virtual currency wallets from being
448 used by customers at virtual currency kiosks owned or operated by such
449 owner or operator;

450 (5) Define, in such owner or operator's policies and procedures, a
451 risk-based method of monitoring customers of such owner or operator
452 on a post-transaction basis;

453 (6) Offer, during the hours of operation of the virtual currency kiosks
454 owned or operated by such owner or operator, live customer support
455 by telephone from a telephone number prominently displayed at or on
456 such virtual currency kiosks;

457 (7) Identify and speak by telephone with any new customer over sixty
458 years of age prior to such new customer completing such new
459 customer's first virtual currency transaction with such owner or
460 operator. During such communication, which shall be recorded and
461 retained by such owner or operator, the owner or operator shall (A)
462 reconfirm any attestations made by such new customer at a virtual
463 currency kiosk owned or operated by such owner or operator, (B)
464 discuss the transaction, and (C) discuss types of fraudulent schemes
465 relating to virtual currency. Such owner or operator's approval of the
466 transaction shall be dependent upon such owner or operator's
467 assessment of such communication;

468 (8) Identify and speak by telephone with any new customer
469 attempting to perform a virtual currency transaction that exceeds an
470 amount that has been predesignated by such owner or operator as a

471 large transaction amount before such transaction may be completed.
472 During such communication, which shall be recorded and retained by
473 such owner or operator, the owner or operator shall (A) positively
474 identify such new customer, (B) review such new customer's stated
475 purpose of the transaction, and (C) discuss types of fraudulent schemes
476 relating to virtual currency. Such owner or operator's approval of the
477 transaction shall be dependent upon such owner or operator's
478 assessment of such communication;

479 (9) Designate and employ a chief compliance officer who shall:

480 (A) Be qualified to coordinate and monitor a compliance program to
481 ensure compliance with this section and all other applicable federal and
482 state laws, rules and regulations;

483 (B) Be employed on a full-time basis by such owner or operator; and

484 (C) Not own more than twenty per cent of the virtual currency kiosk
485 owner or operator that employs such officer; and

486 (10) Use full-time employees to fulfill such owner or operator's
487 compliance responsibilities under federal and state laws, rules and
488 regulations.

489 Sec. 5. Subsection (b) of section 36a-614 of the 2024 supplement to the
490 general statutes is repealed and the following is substituted in lieu
491 thereof (*Effective October 1, 2024*):

492 (b) The commissioner may, in accordance with the provisions of
493 chapter 54, adopt, amend and rescind regulations, forms and orders
494 governing the business use of digital assets, including, but not limited
495 to, virtual currencies, [and] stablecoins and nonfungible tokens, by
496 entities that, and individuals who, are subject to regulation by the
497 commissioner, which regulations, forms and orders shall ensure
498 consumer protection. As used in this subsection, "nonfungible tokens"
499 shall not include tokens issued or sold primarily for consumptive,
500 personal or household purposes."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024</i>	36a-596
Sec. 2	<i>October 1, 2024</i>	36a-597(a)
Sec. 3	<i>October 1, 2024</i>	36a-599
Sec. 4	<i>October 1, 2024</i>	36a-613
Sec. 5	<i>October 1, 2024</i>	36a-614(b)