



General Assembly

**Amendment**

February Session, 2024

LCO No. 4919



Offered by:

REP. DOUCETTE, 13<sup>th</sup> Dist.

REP. DELNICKI, 14<sup>th</sup> 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4 statutes is repealed and the following is substituted in lieu thereof  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 used by a consumer exclusively for  
500 consumptive, 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)