General Assembly

**Raised Bill No. 6990**

*January Session, 2025*

LCO No. **5018**

Referred to Committee on BANKING

Introduced by:
(BA)

***AN ACT CONCERNING THE SEIZURE AND FORFEITURE OF DIGITAL WALLETS AND VIRTUAL CURRENCY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (a) of section 54-36a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) As used in this section, sections 53-278c and 54-36c: (1) "Contraband" means any property, the possession of which is prohibited by any provision of the general statutes; (2) **[**"stolen property" shall include, but not be limited to, cash or the proceeds from the sale of such property obtained by theft or other illegal means; (3)**]** "digital wallet" means any electronic or digital functionality that (A) stores account or payment credentials for a consumer, including, but not limited to, in encrypted or tokenized form, and (B) transmits, routes or otherwise processes such stored account or payment credentials to facilitate a consumer payment transaction; (3) "owner" means a person or persons entitled to seized property as a matter of law or fact; (4) "property" includes, but is not limited to, digital wallets and virtual

currency; (5) "stolen property" includes, but is not limited to, cash, digital wallets, virtual currency or the proceeds from the sale of such property obtained by theft or other illegal means; and (6) "virtual currency" has the same meaning as provided in section 36a-596.

Sec. 2. Section 54-36h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) As used in this section, (1) "digital wallet" means any electronic or digital functionality that (A) stores account or payment credentials for a consumer, including, but not limited to, in encrypted or tokenized form, and (B) transmits, routes or otherwise processes such stored account or payment credentials to facilitate a consumer payment transaction; (2) "property" includes, but is not limited to, digital wallets and virtual currency; and (3) "virtual currency" has the same meaning as provided in section 36a-596.

(b) The following property shall be subject to forfeiture to the state pursuant to subsection **[**(b)**]** (c) of this section:

(1) All moneys used, or intended for use, in the procurement, manufacture, compounding, processing, delivery or distribution of any controlled substance, as defined in section 21a-240;

(2) All property constituting the proceeds obtained, directly or indirectly, from any sale or exchange of any such controlled substance in violation of section 21a-277 or 21a-278;

(3) All property derived from the proceeds obtained, directly or indirectly, from any sale or exchange for pecuniary gain of any such controlled substance in violation of section 21a-277 or 21a-278;

(4) All property used or intended for use, in any manner or part, to commit or facilitate the commission of a violation for pecuniary gain of section 21a-277 or 21a-278;

(5) All property constituting, or derived from, the proceeds obtained,

directly or indirectly, by a corporation as a result of a violation of section 53a-276, 53a-277 or 53a-278.

**[**(b)**]** (c) Not later than ninety days after the seizure of moneys or property subject to forfeiture pursuant to subsection **[**(a)**]** (b) of this section, in connection with a lawful criminal arrest or a lawful search that results in an arrest, the Chief State's Attorney or a deputy chief state's attorney, state's attorney or assistant or deputy assistant state's attorney may petition the court in the nature of a proceeding in rem to order forfeiture of said moneys or property. Such proceeding shall be deemed a civil suit in equity, in which the state shall have the burden of proving all material facts by clear and convincing evidence. The court shall identify the owner of said moneys or property and any other person as appears to have an interest therein, and order the state to give notice to such owner and any interested person by certified or registered mail. No testimony offered or evidence produced by such owner or interested person at such hearing and no evidence discovered as a result of or otherwise derived from such testimony or evidence, may be used against such owner or interested person in any proceeding, except that no such owner or interested person shall be immune from prosecution for perjury or contempt committed while giving such testimony or producing such evidence. At such hearing the court shall hear evidence and make findings of fact and enter conclusions of law and shall issue a final order, from which the parties shall have such right of appeal as from a decree in equity.

**[**(c)**]** (d) The court shall hold a hearing on the petition filed pursuant to subsection **[**(a)**]** (b) of this section not more than two weeks after the criminal proceeding that occurred as a result of the arrest has been nolled, dismissed or otherwise disposed of. The court shall deny the petition and return the property to the owner if the criminal proceeding does not result in (1) a plea of guilty or nolo contendere to any offense charged in the same criminal information, (2) a guilty verdict after trial to a forfeiture-eligible offense for which the property was possessed, controlled, designed or intended for use, or which was or had been used

as a means of committing such offense, or which constitutes the proceeds of the commission of such offense, or (3) a dismissal resulting from the completion of a pretrial diversionary program.

**[**(d)**]** (e) No property shall be forfeited under this section to the extent of the interest of an owner or lienholder by reason of any act or omission committed by another person if such owner or lienholder did not know and could not have reasonably known that such property was being used or was intended to be used in, or was derived from, criminal activity.

**[**(e)**]** (f) Notwithstanding the provisions of subsection **[**(a)**]** (b) of this section, no moneys or property used or intended to be used by the owner thereof to pay legitimate attorney's fees in connection with his defense in a criminal prosecution shall be subject to forfeiture under this section.

**[**(f)**]** (g) Any property ordered forfeited pursuant to subsection **[**(b)**]** (c) of this section shall be sold at public auction conducted by the Commissioner of Administrative Services or his designee.

**[**(g)**]** (h) The proceeds from any sale of property under subsection **[**(f)**]** (g) of this section and any moneys forfeited under this section shall be applied: (1) To payment of the balance due on any lien preserved by the court in the forfeiture proceedings; (2) to payment of any costs incurred for the storage, maintenance, security and forfeiture of such property; and (3) to payment of court costs. The balance, if any, shall be deposited in the drug assets forfeiture revolving account established under section 54-36i.

Sec. 3. Section 54-36o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) As used in this section, (1) "digital wallet" means any electronic or digital functionality that (A) stores account or payment credentials for a consumer, including, but not limited to, in encrypted or tokenized form,

and (B) transmits, routes or otherwise processes such stored account or payment credentials to facilitate a consumer payment transaction; (2) "property" includes, but is not limited to, digital wallets and virtual currency; and (3) "virtual currency" has the same meaning as provided in section 36a-596.

(b) All property constituting, or derived from, the proceeds obtained, directly or indirectly, by a person as a result of a violation of section 53a-129a of the general statutes, revision of 1958, revised to January 1, 2003, or section 53a-127g, 53a-129b, 53a-129c, 53a-129d, 53a-129e, 53a-130, 21-120 or 21-121 shall be subject to forfeiture to the state pursuant to subsection **[**(b)**]** (c) of this section.

**[**(b)**]** (c) Not later than ninety days after the seizure of property subject to forfeiture pursuant to subsection **[**(a)**]** (b) of this section, in connection with a lawful arrest or a lawful search that results in an arrest, the Chief State's Attorney or a deputy chief state's attorney, state's attorney or assistant or deputy assistant state's attorney may petition the court in the nature of a proceeding in rem to order forfeiture of said moneys or property. Such proceeding shall be deemed a civil suit in equity, in which the state shall have the burden of proving all material facts by clear and convincing evidence. The court shall identify the owner of such property and any other person as appears to have an interest therein, and order the state to give notice to such owner and any interested person by certified or registered mail. No testimony offered or evidence produced by such owner or interested person at such hearing and no evidence discovered as a result of or otherwise derived from such testimony or evidence, may be used against such owner or interested person in any proceeding, except that no such owner or interested person shall be immune from prosecution for perjury or contempt committed while giving such testimony or producing such evidence. At such hearing the court shall hear evidence and make findings of fact and enter conclusions of law and shall issue a final order, from which the parties shall have such right of appeal as from a decree in equity.

**[**(c)**]** (d) The court shall hold a hearing on the petition filed pursuant to subsection **[**(a)**]** (b) of this section not more than two weeks after the criminal proceeding that occurred as a result of the arrest has been nolled, dismissed or otherwise disposed of. The court shall deny the petition and return the property to the owner if the criminal proceeding does not result in (1) a plea of guilty or nolo contendere to any offense charged in the same criminal information, (2) a guilty verdict after trial to a forfeiture-eligible offense for which the property was possessed, controlled, designed or intended for use, or which was or had been used as a means of committing such offense, or which constitutes the proceeds of the commission of such offense, or (3) a dismissal resulting from the completion of a pretrial diversionary program.

**[**(d)**]** (e) No property shall be forfeited under this section to the extent of the interest of an owner or lienholder by reason of any act or omission committed by another person if such owner or lienholder did not know and could not have reasonably known that such property was being used or was intended to be used in, or was derived from, criminal activity.

**[**(e)**]** (f) Notwithstanding the provisions of subsection **[**(a)**]** (b) of this section, no property used or intended to be used by the owner thereof to pay legitimate attorney's fees in connection with his defense in a criminal prosecution shall be subject to forfeiture under this section.

**[**(f)**]** (g) Any property ordered forfeited pursuant to subsection **[**(b)**]** (c) of this section shall be sold at public auction conducted by the Commissioner of Administrative Services.

**[**(g)**]** (h) The proceeds from any sale of property under subsection **[**(f)**]** (g) of this section shall be applied: (1) To payment of the balance due on any lien preserved by the court in the forfeiture proceedings; (2) to payment of any costs incurred for the storage, maintenance, security and forfeiture of such property; and (3) to payment of court costs. The balance, if any, shall be deposited in the privacy protection guaranty

and enforcement account established under section 42-472a.

| This act shall take effect as follows and shall amend the following sections: | | |
|---|---|---|
| Section 1 | *October 1, 2025* | 54-36a(a) |
| Sec. 2 | *October 1, 2025* | 54-36h |
| Sec. 3 | *October 1, 2025* | 54-36o |

***Statement of Purpose:***

To specify that digital wallets and virtual currency are included in the term "property" as such term is used in various statutes concerning the seizure and forfeiture of property.

***[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]***