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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

A N A C T

RELATING TO FINANCIAL INSTITUTIONS -- CURRENCY TRANSMISSIONS --
VIRTUAL CURRENCY KIOSKS

Introduced By: Representatives Casimiro, Noret, Solomon, Kazarian, Alzate, Potter, and
Morales

Date Introduced: January 24, 2024

Referred To: House Innovation, Internet, & Technology

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) "Control" means:

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

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

13 (2) "Department" means the department of business regulation, division of banking.

14 (3) "Exchange," used as a verb, means to assume control of virtual currency from or on
15 behalf of a resident, at least momentarily, to sell, trade, or convert:

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

17 or

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

1 (4) "Legal tender" means a medium of exchange or unit of value, including the coin or
2 paper money of the United States, issued by the United States or by another government.

3 (5) "Licensee" means a person licensed under this chapter.

4 (6) "Monetary value" means a medium of exchange, whether or not redeemable in money.

5 (7) "Reciprocity agreement" means an arrangement between the department and the
6 appropriate licensing agency of another state that permits a licensee operating under a license
7 granted by the other state to engage in currency transmission business activity with or on behalf of
8 a resident.

9 (8) "Record" means information that is inscribed on a tangible medium or that is stored in
10 an electronic or other medium and is retrievable in perceivable form.

11 (9) "Registry" means the Nationwide Multistate Licensing System.

12 (10) "Resident":

13 (i) Means a person that:

14 (A) Is domiciled in this state;

15 (B) Is physically located in this state for more than one hundred eighty-three (183) days of
16 the previous three hundred sixty-five (365) days; or

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

18 (ii) Includes a legal representative of a person that satisfies subsection (10)(i) of this
19 section.

20 (11) "Responsible individual" means an individual who has managerial authority with
21 respect to a licensee's currency transmission business activity with or on behalf of a resident.

22 (12) "Sign" means, with present intent to authenticate or adopt a record:

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

24 (ii) To attach to or logically associate with the record an electronic symbol, sound, or
25 process.

26 (13) "State" means a state of the United States, the District of Columbia, Puerto Rico, the
27 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the
28 United States.

29 (14) "Store," except in the phrase "store of value," means to maintain control of virtual
30 currency on behalf of a resident by a person other than the resident. "Storage" and "storing" have
31 corresponding meanings.

32 (15) "Transfer" means to assume control of virtual currency from or on behalf of a resident
33 and to:

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

1 (ii) Move the virtual currency from one account of a resident to another account of the
2 same resident; or

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

4 (16) "U.S. Dollar equivalent of virtual currency" means the equivalent value of a particular
5 virtual currency in United States dollars shown on a virtual currency exchange based in the United
6 States for a particular date or period specified in this chapter.

7 (17) "Virtual currency business activity" means:

8 (i) Exchanging, transferring, or storing virtual currency whether directly or through an
9 agreement with a virtual currency control-services vendor or through a virtual currency kiosk;

10 (ii) Holding electronic precious metals or electronic certificates representing interests in
11 precious metals on behalf of another person or issuing shares or electronic certificates representing
12 interests in precious metals; or

13 (iii) Exchanging one or more digital representations of value used within one or more
14 online games, game platforms, or family of games for:

15 (A) Virtual currency offered by or on behalf of the same publisher from which the original
16 digital representation of value was received; or

17 (B) Legal tender or bank credit outside the online game, game platform, or family of games
18 offered by or on behalf of the same publisher from which the original digital representation of value
19 was received.

20 (18) "Virtual currency address" means an alphanumeric identifier representing a
21 destination for a virtual currency transfer that is associated with a virtual currency wallet.

22 (19) "Virtual currency kiosk" means an electronic terminal acting as a mechanical agent of
23 the owner or operator to enable the owner or operator to facilitate the exchange of virtual currency
24 for fiat currency or other virtual currency, including, but not limited to, by:

25 (i) Connecting directly to a separate virtual currency exchanger that performs the actual
26 virtual currency transmission; or

27 (ii) Drawing upon the virtual currency in the possession of the owner or operator of the
28 electronic terminal.

29 ~~(18)~~(20) "Virtual currency control-services vendor" means a person who has control of
30 virtual currency solely under an agreement with a person who, on behalf of another person, assumes
31 control of virtual currency.

32 (21) "Virtual currency wallet" means a software application or other mechanism providing
33 a means for holding, storing and transferring virtual currency.

34 SECTION 2. Chapter 19-14.3 of the General Laws entitled "Currency Transmissions" is

1 hereby amended by adding thereto the following section:

2 **19-14.3-3.9. Virtual kiosks -- Operation.**

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

8 (1) A disclosure, which shall be acknowledged by the customer, provided separately from
9 the disclosures provided pursuant to subsections (2) to (9), inclusive, of this section and written
10 prominently and in bold type, stating the following: "WARNING: LOSSES DUE TO
11 FRAUDULENT OR ACCIDENTAL TRANSACTIONS MAY NOT BE RECOVERABLE AND
12 TRANSACTIONS IN VIRTUAL CURRENCY ARE IRREVERSIBLE.";

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

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

19 (4) The value of virtual currency may be derived from the continued willingness of market
20 participants to exchange fiat currency for virtual currency, which may result in the permanent and
21 total loss of the value of a particular virtual currency, if the market for that virtual currency
22 disappears;

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

25 (6) The volatility and unpredictability of the price of virtual currency relative to fiat
26 currency may result in a significant loss over a short period of time;

27 (7) The nature of virtual currency may lead to an increased risk of fraud or cyber-attack;

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

30 (9) Any bond maintained by the owner or operator for the benefit of the customers of such
31 owner or operator may not be sufficient to cover all losses incurred by such customers.

32 (b) The owner or operator of a virtual currency kiosk shall, when opening an account for a
33 new customer and prior to entering into an initial virtual currency transaction for, on behalf of or
34 with such customer, disclose in clear, conspicuous and legible writing in the English language,

1 using not less than twenty-four point (24 pt) sans serif-type font, all relevant terms and conditions
2 associated with the products, services and activities of the owner or operator and virtual currency
3 generally, including, but not limited to, the following:

- 4 (1) The customer's liability for unauthorized virtual currency transactions;
- 5 (2) The customer's right to stop payment of a preauthorized virtual currency transfer and
6 the procedure used to initiate a stop-payment order;
- 7 (3) Under what circumstances the owner or operator will, absent a court or government
8 order, disclose information concerning the customer's account to third parties;
- 9 (4) The customer's right to receive periodic account statements and valuations from the
10 owner operator;
- 11 (5) The customer's right to receive a receipt, trade ticket or other evidence of a virtual
12 currency transaction; and
- 13 (6) The customer's right to prior notice of a change in the rules or policies of the owner or
14 operator.

15 (c) The owner or operator of a virtual currency kiosk shall, prior to each transaction in
16 virtual currency for, on behalf of or with a customer, disclose to such customer in clear, conspicuous
17 and legible writing in the English language, using not less than twenty-four point (24 pt) sans serif
18 type font, the terms and conditions of the virtual currency transaction, including, but not limited to,
19 the following:

- 20 (1) The amount of the transaction;
 - 21 (2) Any fees, expenses and charges borne by the customer, including, but not limited to,
22 applicable exchange rates;
 - 23 (3) The type and nature of the virtual currency transaction;
 - 24 (4) A warning that, once executed, the virtual currency transaction may not be undone, if
25 applicable;
 - 26 (5) A daily virtual currency transaction limit in accordance with subsection (g) of this
27 section; and
 - 28 (6) The difference in the sale price of the virtual currency versus the current market price.
- 29 (d) The owner or operator of a virtual currency kiosk shall ensure that each customer
30 acknowledges receipt of all disclosures required under this section.

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

- 33 (1) The name of, and contact information for, the owner or operator, including a telephone
34 number established by the owner or operator to answer questions and register complaints;

- 1 (2) The type, value, date and precise time of such virtual currency transaction, and each
2 virtual currency address;
- 3 (3) The fee charged;
- 4 (4) The exchange rate, if applicable;
- 5 (5) A statement of the liability of the owner or operator for non-delivery or delayed
6 delivery;
- 7 (6) A statement of the refund policy of the owner or operator; and
- 8 (7) Any additional information the department may require.
- 9 (f) The department may establish a schedule of maximum fees that an owner or operator
10 of a virtual currency kiosk may charge for specific services.
- 11 (g) There is established a maximum daily transaction limit of two thousand five hundred
12 dollars (\$2,500) for each customer of a virtual currency kiosk.
- 13 (h) The owner or operator of a virtual currency kiosk shall, at such owner's or operator's
14 cost and within seventy-two (72) hours after a virtual currency transaction, allow the customer to
15 cancel and receive a full refund for the virtual currency transaction if such virtual currency
16 transaction:
- 17 (1) Is the customer's first virtual currency transaction with such owner or operator; and
- 18 (2) Is to a virtual currency wallet or exchange located outside of the United States.
- 19 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 --
VIRTUAL CURRENCY KIOSKS

- 1 This act would establish guidelines for the operation of virtual currency (crypto) kiosks.
- 2 This act would take effect upon passage.

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