



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2319

Introduced 2/7/2025, by Sen. Laura Ellman

SYNOPSIS AS INTRODUCED:

New Act

Creates the Virtual Currency Kiosk Consumer Protection Act. Provides that specified information reported to the Department of Financial and Professional Regulation by virtual currency kiosk shall be confidential, except as otherwise provided in the Act. Establishes warning and general terms and conditions disclosure requirements for a virtual currency kiosk operator opening an account for a new customer and prior to entering into an initial transaction for, on behalf of, or with the customer. Requires a receipt to be provided to each customer following a transaction. Requires all virtual currency kiosk operators to have live customer service, as specified; create anti-fraud, enhanced due diligence, and federal and State law compliance policies; designate a compliance officer and a consumer protection officer; and use blockchain analytics software to assist in the prevention of sending purchased virtual currency from a virtual currency kiosk operator to a digital wallet known to be affiliated with fraudulent activity at the time of a transaction; and report the location of each virtual currency kiosk located within this State within 45 days after the end of the calendar quarter. Requires a virtual currency kiosk operator to receive a money transmitter license. Sets forth supervision duties for the Department and the Secretary of Financial and Professional Regulation.

LRB104 09000 BAB 19056 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Virtual Currency Kiosk Consumer Protection Act.

6 Section 5. Purpose. This Act is designed to regulate
7 virtual currency kiosk operators, as defined by this Act. It
8 is the intent of the General Assembly that this Act shall:

9 (1) standardize required notice and disclosures to
10 consumers regarding the operation and use of virtual
11 currency kiosks in the state;

12 (2) standardize the types of consumer protections that
13 virtual currency kiosk operators must perform; and

14 (3) modernize safety and soundness requirements to
15 ensure customers funds are protected in an environment
16 that supports innovative and competitive business
17 practices.

18 Section 10. Definitions. As used in this Act:

19 "Bank Secrecy Act" means the Bank Secrecy Act, 31 U.S.C.
20 5311 et seq. and its implementing rules and federal
21 regulations, as amended and recodified.

22 "Blockchain" means distributed digital ledger or database

1 which is chronological, consensus-based, decentralized, and
2 mathematically verified in nature;

3 "Blockchain analytics" means a software service that uses
4 data from various virtual currencies and their applicable
5 blockchains to provide a risk rating specific to digital
6 wallet addresses from users of virtual currency kiosks.

7 "Department" means the Department of Financial and
8 Professional Responsibility.

9 "Digital wallet" means hardware or software that enables
10 individuals to store and use virtual currency.

11 "Digital wallet address" means an alphanumeric identifier
12 representing a destination on a blockchain for a virtual
13 currency transfer that is associated with a digital wallet.

14 "Federal Deposit Insurance Corporation" or "Securities
15 Investor Protection Corporation" means a bank, credit union,
16 savings and loan association, trust company, savings
17 association, savings bank, industrial bank, or industrial loan
18 company organized under the laws of the United States or any
19 state of the United States that has federally insured
20 deposits.

21 "Fiat currency" means a medium of exchange that is
22 authorized or adopted by the United States government as part
23 of its currency and is not backed by a commodity.

24 "Individual" means a natural person.

25 "NMLS" means the Nationwide Multistate Licensing System
26 and Registry developed by the Conference of State Bank

1 Supervisors and the American Association of Residential
2 Mortgage Regulators and owned and operated by the State
3 Regulatory Registry, LLC, or any successor or affiliated
4 entity, for the licensing and registration of persons in
5 financial services industries.

6 "United States PATRIOT Act" means the Uniting and
7 Strengthening America by Providing Appropriate Tools Required
8 to Intercept and Obstruct Terrorism Act of 2001 and its
9 implementing rules and regulations, as amended and recodified
10 from time to time.

11 "Secretary" means the Secretary of Financial and
12 Professional Responsibility, the acting Secretary of Financial
13 and Professional Responsibility, a designee of the Secretary.

14 "Virtual currency" means any type of digital unit that is
15 used as a medium of exchange or a form of digitally stored
16 value or that is incorporated into payment system technology.

17 "Virtual currency" includes digital units of exchange that (1)
18 have a centralized repository or administrator; (2) are
19 decentralized and have no centralized repository or
20 administrator; or (3) may be created or obtained by computing
21 or manufacturing effort. "Virtual currency" does not include
22 digital units that are used (1) solely within online gaming
23 platforms with no market or application outside such gaming
24 platforms, or (2) exclusively as part of a consumer affinity
25 or rewards program, and can be applied solely as payment for
26 purchases with the issuer or other designated merchants but

1 cannot be converted into or redeemed for fiat currency.

2 "Virtual currency kiosk" means an electronic terminal of
3 the virtual currency kiosk operator that enables the owner or
4 operator to facilitate the exchange of fiat currency for
5 virtual currency or virtual currency for fiat currency or
6 other virtual currency, including, but not limited to, (1)
7 connecting directly to a separate virtual currency exchange
8 that performs the actual virtual currency transmission; or (1)
9 drawing upon the virtual currency in the possession of the
10 owner or operator of the electronic terminal.

11 "Virtual currency kiosk operator" means a corporation,
12 limited liability company, limited liability partnership, or
13 foreign entity qualified to do business in this State which
14 operates a virtual currency kiosk within this State.

15 Section 15. Confidentiality.

16 (a) Except as otherwise provided in this Section, all
17 information or reports obtained by the Department from a
18 virtual currency kiosk operator, and all information contained
19 in or related to an examination, investigation, operating
20 report, or condition report prepared by, on behalf of, or for
21 the use of the Department, are confidential and are not
22 subject to disclosure under the Freedom of Information Act.

23 (b) Information contained in the records of the Department
24 that is not confidential and may be available to the public
25 either on the Department's website, upon receipt by the

1 Department of a written request, or in NMLS shall include:

2 (1) the name, business address, telephone number, and
3 unique identifier of a virtual currency kiosk operator;

4 (2) the business address of a virtual currency kiosk
5 operator's registered agent for service; and

6 (3) copies of any final orders of the Department
7 relating to any violation of this Act or regulations
8 implementing this Act.

9 Section 20. Relationship to federal law. If anything in
10 this Act is inconsistent with federal law, including, but not
11 limited to, the Bank Secrecy Act or the United States PATRIOT
12 Act, the applicable federal law shall govern to the extent of
13 any inconsistency.

14 Section 25. Supervision.

15 (a) The Secretary may request evidence of compliance with
16 this Act or a rule adopted or order issued under this Act as
17 reasonably necessary or appropriate to administer and enforce
18 this Act, and other applicable law, including the Bank Secrecy
19 Act and the USA PATRIOT Act.

20 (b) A virtual currency kiosk operator shall provide the
21 Secretary all records the Secretary may reasonably require to
22 ensure compliance with this Act.

23 Section 30. Disclosures of material risks. As part of

1 establishing a relationship with a customer, and prior to
2 entering into an initial transaction for, on behalf of, or
3 with such customer, each virtual currency kiosk operator shall
4 disclose in clear, conspicuous, and legible writing in the
5 English language, whether in accessible terms of service or
6 elsewhere, all material risks associated with its products,
7 services, and activities and virtual currency generally,
8 including disclosures substantially similar to the following:

9 (1) virtual currency is not legal tender, is not
10 backed by the government, and accounts and value balances
11 are not subject to Federal Deposit Insurance Corporation
12 or Securities Investor Protection Corporation protections;

13 (2) legislative and regulatory changes or actions at
14 the State, federal, or international level may adversely
15 affect the use, transfer, exchange, and value of virtual
16 currency;

17 (3) transactions in virtual currency may be
18 irreversible, and, accordingly, losses due to fraudulent
19 or accidental transactions may not be recoverable;

20 (4) some virtual currency transactions shall be deemed
21 to be made when recorded on a public ledger, which is not
22 necessarily the date or time that the customer initiates
23 the transaction;

24 (5) the value of virtual currency may be derived from
25 the continued willingness of market participants to
26 exchange fiat currency for virtual currency, which may

1 result in the potential for permanent and total loss of
2 value of a particular virtual currency should the market
3 for that virtual currency disappear;

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

7 (7) the volatility and unpredictability of the price
8 of virtual currency relative to fiat currency may result
9 in significant loss over a short period of time;

10 (8) the nature of virtual currency may lead to an
11 increased risk of fraud or cyber attack;

12 (9) the nature of virtual currency means that any
13 technological difficulties experienced by the virtual
14 currency kiosk operator may prevent the access or use of a
15 customer's virtual currency; and

16 (10) any bond or trust account maintained by the
17 virtual currency kiosk operator for the benefit of its
18 customers may not be sufficient to cover all losses
19 incurred by customers.

20 Section 35. Disclosure of general terms and conditions.
21 When opening an account for a new customer, and prior to
22 entering into an initial transaction for, on behalf of, or
23 with such customer, each virtual currency kiosk operator shall
24 disclose in clear, conspicuous, and legible writing in the
25 English language, whether in accessible terms of service or

1 elsewhere, all relevant terms and conditions associated with
2 its products, services, and activities and virtual currency
3 generally, including disclosures substantially similar to the
4 following:

5 (1) the customer's liability for unauthorized virtual
6 currency transactions;

7 (2) under what circumstances the virtual currency
8 kiosk operator shall, absent a court or government order,
9 disclose information concerning the customer's account to
10 third parties;

11 (3) the customer's right to receive periodic account
12 statements and valuations from the virtual currency kiosk
13 operator;

14 (4) the customer's right to receive a receipt, trade
15 ticket, or other evidence of a transaction;

16 (5) the customer's right to prior notice of a change
17 in the virtual currency kiosk operator's rules or
18 policies; and

19 (6) such other disclosures as are customarily given in
20 connection with the opening of customer accounts.

21 Section 40. Warning disclosure. Prior to entering into a
22 virtual currency transaction with a customer, each virtual
23 currency kiosk operator shall ensure a warning is disclosed to
24 a customer substantially similar to the following:

25 "Customer Notice. Please Read Carefully.

1 Did you receive a phone call from your bank, software
2 provider, the police, or were you directed to make a payment
3 for social security, utility bill, investment, warrants, or
4 bail money at this kiosk? STOP

5 Is anyone on the phone pressuring you to make a payment of
6 any kind? STOP

7 I understand that the purchase and sale of cryptocurrency
8 is a final irreversible and non-refundable transaction.

9 I confirm I am sending funds to a wallet I own or directly
10 have control over. I confirm that I am using funds gained from
11 my own initiative to make my transaction."

12 Section 45. Receipts. Upon completion of any virtual
13 currency kiosk transaction, each virtual currency kiosk
14 operator shall provide to a customer a digital or physical
15 receipt containing the following information:

16 (1) the name and contact information of the virtual
17 currency kiosk operator, including a telephone number
18 established by the virtual currency kiosk operator to
19 answer questions and register complaints;

20 (2) the type, value, date, and precise time of the
21 transaction in the local time zone;

22 (3) the fee charged;

23 (4) the exchange rate, if applicable;

24 (5) a statement of the liability of the virtual
25 currency kiosk operator for non-delivery or delayed

1 delivery; and

2 (6) a statement of the refund policy of the virtual
3 currency kiosk operator.

4 Section 50. Blockchain analytics. All virtual currency
5 kiosk operators must use blockchain analytics software to
6 assist in the prevention of sending purchased virtual currency
7 from a virtual currency kiosk operator to a digital wallet
8 known to be affiliated with fraudulent activity at the time of
9 a transaction. The Department may request evidence from any
10 virtual currency kiosk operator of current use of blockchain
11 analytics.

12 Section 55. Customer service. All virtual currency kiosk
13 operators performing business in this State must provide live
14 customer service at a minimum on Monday through Friday between
15 8AM EST and 10PM CST. The customer service toll free number
16 must be displayed on the virtual currency kiosk or the virtual
17 currency kiosk screens.

18 Section 60. Anti-fraud policy. All virtual currency kiosk
19 operators shall take reasonable steps to detect and prevent
20 fraud, including establishing and maintaining a written
21 anti-fraud policy. The anti-fraud policy shall, at a minimum,
22 include:

23 (1) the identification and assessment of fraud related

1 risk areas;

2 (2) procedures and controls to protect against
3 identified risks;

4 (3) allocation of responsibility for monitoring risks;
5 and

6 (4) procedures for the periodic evaluation and
7 revision of the anti-fraud procedures, controls, and
8 monitoring mechanisms.

9 Section 65. Enhanced due diligence policy.

10 (a) Each virtual currency kiosk operator shall maintain,
11 implement, and enforce a written enhanced due diligence
12 policy. The policy must be reviewed and approved by the
13 virtual currency kiosk operator's board of directors or an
14 equivalent governing body of the virtual currency kiosk
15 operator.

16 (b) The enhanced due diligence policy shall identify at
17 minimum individuals who are at risk of fraud based on age or
18 mental capacity.

19 Section 70. Compliance policies.

20 (a) Each virtual currency kiosk operator is required to
21 comply with the provisions of this Act, any lawful order,
22 rule, or regulation made or issued under the provisions of
23 this Act, and all applicable federal and State laws, rules,
24 and regulations.

1 (b) Each virtual currency kiosk shall maintain, implement,
2 and enforce written compliance policies and procedures. Such
3 policies and procedures must be reviewed and approved by the
4 virtual currency kiosk operator's board of directors or an
5 equivalent governing body of the virtual currency kiosk
6 operator.

7 Section 75. Compliance officer.

8 (a) Each virtual currency kiosk operator must designate
9 and employ a compliance officer with the following
10 requirements:

11 (1) the individual must be qualified to coordinate and
12 monitor compliance with this Act and all other applicable
13 federal and State laws, rules, and regulations;

14 (2) the individual must be employed full-time by the
15 virtual currency kiosk operator; and

16 (3) the designated compliance officer cannot be any
17 individual who owns more than 20% of the virtual currency
18 kiosk operator by whom the individual is employed.

19 (b) Compliance responsibilities required under federal and
20 State laws, rules, and regulations shall be completed by
21 full-time employees of the virtual currency kiosk operator.

22 Section 80. Consumer protection officer. Each virtual
23 currency kiosk operator must designate and employ a consumer
24 protection officer with each of the following requirements:

1 (1) the individual must be qualified to coordinate and
2 monitor compliance with this Act and all other applicable
3 federal and State laws, rules, and regulations;

4 (2) the individual must be employed full-time by the
5 virtual currency kiosk operators; and

6 (3) the designated consumer protection officer cannot
7 be an individual who owns more than 20% of the virtual
8 currency kiosk operator by whom the individual is
9 employed.

10 Section 85. Reporting virtual currency kiosk locations.

11 (a) Each virtual currency kiosk operator shall submit a
12 report of the location of each virtual currency kiosk located
13 within this State within 45 days after the end of the calendar
14 quarter. The Secretary shall formulate a system for virtual
15 currency kiosk operators to submit such locations that is
16 consistent with the requirements of this Section.

17 (b) The location report shall include, at a minimum, the
18 following regarding the location where a virtual currency
19 kiosk is located:

20 (1) company legal name;

21 (2) any fictitious or trade name;

22 (3) physical address;

23 (4) start date of operation of virtual currency kiosk
24 at location; and

25 (5) end date of operate of virtual currency kiosk at

1 location, if applicable;

2 Section 90. Money transmitter license.

3 (a) Any virtual currency kiosk operator who owns,
4 operates, solicits, markets, advertises or facilitates virtual
5 currency kiosks in this state shall be deemed to be engaged in
6 money transmission and require licensure pursuant to this Act
7 and the Uniform Money Transmission Modernization Act.

8 (b) All unlicensed virtual currency kiosk operators must
9 apply for a money transmitter license within 60 days after
10 this Act goes into effect. Virtual currency kiosk operators
11 who apply within this time shall be allowed to continue
12 operations while the State reviews their application. Any
13 virtual currency kiosk operators whose application is denied
14 by this State must cease operations until they are granted a
15 money transmitter license.