

IN THE SENATE

SENATE BILL NO. 1359, As Amended

BY STATE AFFAIRS COMMITTEE

AN ACT

RELATING TO THE VIRTUAL CURRENCY KIOSK FRAUD PREVENTION ACT; AMENDING TITLE 28, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 54, TITLE 28, IDAHO CODE, TO PROVIDE A SHORT TITLE, TO DEFINE TERMS, TO ESTABLISH A LICENSING REQUIREMENT, TO ESTABLISH REPORTING REQUIREMENTS, TO PROVIDE FOR MANDATORY DISCLOSURES, TO ESTABLISH CUSTOMER SERVICE REQUIREMENTS, TO PROVIDE FOR TRANSACTION RECEIPTS, TO PROVIDE FOR THE PREVENTION OF FRAUDULENT ACTIVITY AND MONEY LAUNDERING, TO PROVIDE FOR REFUNDS, TO PROVIDE FOR PENALTIES, TO PROVIDE FOR INFORMATION-SHARING RELATED TO VIRTUAL CURRENCY KIOSK FRAUD, AND TO PROVIDE FOR CHAPTER APPLICABILITY; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Title 28, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 54, Title 28, Idaho Code, and to read as follows:

CHAPTER 54  
VIRTUAL CURRENCY KIOSK FRAUD PREVENTION ACT

28-5401. SHORT TITLE. This act shall be known and may be cited as the "Virtual Currency Kiosk Fraud Prevention Act."

28-5402. DEFINITIONS. For the purposes of this chapter:

- (1) "Blockchain analytics" means the analysis of data from blockchains or public distributed ledgers, including associated transaction information.
- (2) "Blockchain analytics and tracing software" means a software service that uses blockchain analytics data to provide risk-specific information and tracing of virtual currency wallet addresses.
- (3) "Department" means the Idaho department of finance.
- (4) "Fraud" or "fraudulent" means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person.
- (5) "New customer" means a user who is transacting with an operator:
  - (a) For the first time; or
  - (b) Within seventy-two (72) hours after such user's first transaction with the operator.
- (6) (a) "Operator" means a person who owns, operates, or manages a virtual currency kiosk located in the United States or in any United States territory.
- (b) "Operator" does not include a bank or credit union that solely provides services to supply a virtual currency kiosk with legal tender or

1 that provides deposit services for legal tender deposited in a virtual  
2 currency kiosk.

3 (7) "Potentially vulnerable older adult" means a person sixty-five  
4 (65) years of age or older who is unable to protect himself from maltreatment  
5 because of:

6 (a) A mental, physical, or developmental disability;

7 (b) A degenerative brain disease;

8 (c) An inability to communicate or implement decisions regarding his  
9 person; or

10 (d) Other infirmities of aging in an older adult.

11 (8) "Transaction fees" means fees or expenses paid by a user in order  
12 to conduct a virtual currency kiosk transaction. Transaction fees equal the  
13 difference between the market price of the virtual currency and the price of  
14 the virtual currency charged to the user.

15 (9) "Transaction hash" means the unique alphanumeric identifier as-  
16 signed to a virtual currency kiosk transaction.

17 (10) "User" means any individual or entity that initiates, authorizes,  
18 or completes a transaction involving virtual currency through a virtual cur-  
19 rency kiosk, whether for the purpose of purchasing, selling, transferring,  
20 or otherwise exchanging virtual currency.

21 (11) "Virtual currency" means a type of digital asset, as defined in  
22 section 28-5303, Idaho Code, that confers economic, proprietary, or access  
23 rights or powers and is recorded using cryptographically secured dis-  
24 tributed ledger technology or any similar analogue.

25 (12) "Virtual currency address" means an alphanumeric identifier asso-  
26 ciated with a virtual currency wallet identifying the location to which a  
27 virtual currency transaction can be sent.

28 (13) "Virtual currency kiosk" means a stand-alone machine that is ca-  
29 pable of accepting or dispensing legal tender in exchange for virtual cur-  
30 rency.

31 (14) "Virtual currency kiosk transaction" means a transaction con-  
32 ducted or performed, in whole or in part, by electronic means via a virtual  
33 currency kiosk. Virtual currency kiosk transaction also means a transaction  
34 made at a virtual currency kiosk to purchase virtual currency with or to sell  
35 virtual currency for United States dollars.

36 (15) "Virtual currency wallet" means a software application or other  
37 mechanism providing a means to hold the keys necessary to access and transfer  
38 virtual currency.

39 28-5403. OPERATOR LICENSING REQUIREMENT. In order for an operator to  
40 engage in or hold itself out as being able to engage in a virtual currency  
41 kiosk transaction, such operator must be a licensed money transmitter pur-  
42 suant to the provisions of chapter 29, title 26, Idaho Code.

43 28-5404. OPERATOR REPORTING REQUIREMENTS. (1) An operator shall com-  
44 plete, collect, and maintain quarterly reports and any supporting records  
45 for each virtual currency kiosk that it operates in Idaho. Such reports and  
46 records shall be made available to the department, upon request, in a format  
47 specified by the department, within three (3) business days of such request.

1 Reports pursuant to this subsection shall include, at a minimum, the follow-  
2 ing information:

- 3 (a) The operator's legal name;
- 4 (b) Any fictitious or trade name used by the operator, if applicable;
- 5 (c) The operator's physical address;
- 6 (d) The date the operator commenced operation of the virtual currency  
7 kiosk at the location;
- 8 (e) The date the operator ceased operation of the virtual currency  
9 kiosk at the location, if applicable;
- 10 (f) Each address used by the operator to provide customer service in  
11 Idaho; and
- 12 (g) The number of transactions that the operator declined due to suspi-  
13 cion of fraud or other illegal activity.

14 (2) An operator shall complete, collect, and maintain annual reports  
15 and any supporting records for each virtual currency kiosk it operates in  
16 Idaho, to be completed on or before March 31, relating to the operator's  
17 business conducted in the prior year. Such reports and records shall be made  
18 available to the department, upon request, in a format specified by the de-  
19 partment, within three (3) business days of such request. A report pursuant  
20 to this subsection shall be on a form prescribed by the department and shall  
21 include, at a minimum:

- 22 (a) Gross revenue attributable to virtual currency transactions con-  
23 ducted via virtual currency kiosks in the state;
- 24 (b) A copy of any complaint filed against the operator with the bet-  
25 ter business bureau, with any state agency other than the department, or  
26 with any federal agency, and a description of the resolution, if any, of  
27 each such complaint;
- 28 (c) The total number and value of virtual currency transactions con-  
29 ducted via the operator's virtual currency kiosks in the state;
- 30 (d) The total number of refunds requested by users, the number of refund  
31 requests granted and the number of refund requests denied by the opera-  
32 tor, and the total dollar amount of such refunds;
- 33 (e) Contact details of the operator's compliance officer;
- 34 (f) A dedicated United States phone number and email address for commu-  
35 nications with government fraud investigators and law enforcement; and
- 36 (g) The total number of virtual currency corresponding locations.

37 (3) The phone number and email address required pursuant to subsection  
38 (2) (f) of this section shall be frequently monitored. Upon request from law  
39 enforcement or the department, a virtual currency kiosk operator shall pro-  
40 vide trace findings and grant assistance with blockchain analytics for in-  
41 vestigative purposes.

42 (4) Within ten (10) business days after receipt of a request from the  
43 department, the virtual currency kiosk operator shall provide any transac-  
44 tion and user information requested by the department, including with re-  
45 spect to any transactions attempted but denied.

46 (5) Transaction data collected by the department pursuant to this sec-  
47 tion shall be confidential and may be released only in composite form, unless  
48 otherwise required by law.

1 (6) Failure to complete, collect, or maintain a report or record as re-  
2 quired pursuant to this section, or to timely provide such reports or records  
3 to the department, shall constitute a violation of this chapter.

4 28-5405. MANDATORY DISCLOSURES. (1) An operator shall disclose all  
5 relevant terms and conditions generally associated with the products, ser-  
6 vices, and activities of the operator and virtual currency, including but  
7 not limited to transaction fees collected and exchange rates used. Such dis-  
8 closures shall be made in a clear, conspicuous, and easily readable manner in  
9 the language chosen by the user.

10 (2) A user who engages with a virtual currency kiosk shall receive ac-  
11 knowledgment of receipt of all disclosures required under this section via  
12 confirmation of consent at such virtual currency kiosk.

13 (3) The disclosures required by this section shall address the follow-  
14 ing in substantially the following form:

15 WARNING: this technology can be used to defraud you.

16 If someone asked you to deposit money in this machine and/or is on the  
17 phone with you and claims to be a:

18 Friend or family member,  
19 Government agent,  
20 Computer software representative,  
21 Bill collector,  
22 Law enforcement officer, or  
23 A person whom you do not know...

24 STOP THIS TRANSACTION IMMEDIATELY, contact law enforcement, and notify  
25 the kiosk operator.

26 This may be a scam. NEVER SEND MONEY TO SOMEONE YOU DO NOT KNOW.

27 (4) The material risks associated with virtual currency and virtual  
28 currency transactions shall be disclosed to each user of a virtual currency  
29 kiosk in Idaho. Such disclosures shall be accompanied by information that  
30 may be used by a user to seek assistance, including:

- 31 (a) The name, address, and telephone number of the operator;  
32 (b) The days and times the operator is available and the methods that a  
33 user may use to contact the operator for assistance; and  
34 (c) The contact information for state and local law enforcement, which  
35 shall be displayed on or at the location of the virtual currency kiosk or  
36 on the first screen of such kiosk.

37 28-5406. CUSTOMER SERVICE REQUIREMENTS. (1) An operator shall provide  
38 live customer service at a toll-free number seven (7) days a week. Daily  
39 business hours shall be from, at a minimum, 8:00 a.m. to 8:00 p.m. local time  
40 for all Idaho locations where the operator's virtual currency kiosks are lo-  
41 cated.

1 (2) Trained representatives of an operator shall be available to re-  
2 spond to customer telephone inquiries during the business hours required  
3 pursuant to this section.

4 (3) Inquiries received after normal business hours shall be responded  
5 to by a trained representative on the next business day.

6 28-5407. TRANSACTION RECEIPTS. (1) An operator shall provide each  
7 user with paper or electronic receipts at the conclusion of each virtual  
8 currency kiosk transaction.

9 (2) A receipt required pursuant to this section shall include the fol-  
10 lowing information:

11 (a) The operator's name and toll-free customer service phone number  
12 with operating hours;

13 (b) Relevant contact information for the operator, state and local law  
14 enforcement, and the department;

15 (c) Type, value, date, and precise time of the transaction and each ap-  
16 plicable virtual currency address and transaction hash;

17 (d) All transaction fees;

18 (e) The exchange rate of the virtual currency to U.S. dollars; and

19 (f) The virtual currency kiosk operator's refund policy.

20 28-5408. PREVENTION OF FRAUDULENT ACTIVITY AND MONEY LAUNDERING. (1)  
21 An operator shall take reasonable steps to detect and prevent fraud and money  
22 laundering. This shall include:

23 (a) Establishing and maintaining a written anti-fraud policy;

24 (b) Using blockchain analytics and tracing software to assist in the  
25 prevention of sending virtual currency to a virtual currency wallet  
26 known or likely to be affiliated with fraudulent activity at the time of  
27 a transaction and to detect transaction patterns indicative of fraud or  
28 other illicit activities;

29 (c) Blocking transactions to virtual currency wallets associated  
30 with overseas exchanges non-accessible for users located in the United  
31 States;

32 (d) Not accepting from or dispensing to a new customer an amount that  
33 is more than two thousand dollars (\$2,000) in United States currency,  
34 or its equivalent in virtual currency, during any twenty-four (24) hour  
35 period;

36 (e) Ensuring that during the thirty (30) calendar days following a new  
37 customer's first transaction, the cumulative total of all transactions  
38 with an operator shall not exceed ten thousand dollars (\$10,000) in U.S.  
39 currency or its equivalent in virtual currency; and

40 (f) Implementing the following protections for new customers:

41 (i) Delaying settlement of a new customer's first virtual cur-  
42 rency kiosk transaction for seventy-two (72) hours; and

43 (ii) Allowing, upon request, for the full refund of any fraudulent  
44 virtual currency kiosk transaction experienced by a new customer  
45 within seventy-two (72) hours after such transaction, if such  
46 user:

1           1. Contacts the operator in writing to provide notice of the  
2           fraudulent nature of the virtual currency kiosk transac-  
3           tion; and

4           2. Files a report with a government or law enforcement  
5           agency memorializing the fraudulent nature of the virtual  
6           currency kiosk transaction.

7           (2) A refund pursuant to subsection (1) (f) this section shall include  
8           all transaction fees paid by a new customer at the time of the transaction and  
9           shall occur within ten (10) business days after such new customer provides  
10          notice of a fraudulent virtual currency transaction. A refund pursuant to  
11          this section shall be paid to a user in the user's originating currency.

12          (3) The transaction limits and protections provided for in this sec-  
13          tion shall apply to all virtual currency transactions offered by an operator  
14          through a virtual currency kiosk and any affiliated kiosks.

15          (4) The department may request evidence from any virtual currency kiosk  
16          operator of its current use of blockchain analytics as part of the operator's  
17          registration and maintenance of a money transmitter license.

18          (5) An operator shall provide notice to users regarding the delayed  
19          settlement or refund provisions of this section, including contact informa-  
20          tion to report a fraudulent transaction in writing.

21          28-5409. TRANSACTION FEE REFUNDS. (1) Subject to the requirements of  
22          this section, an operator shall issue a refund of all transaction fees paid  
23          by a user at the time of a transaction if such user experiences fraud with re-  
24          spect to such transaction. Such refund shall be issued notwithstanding any  
25          acknowledgment that a user may have made prior to finalizing such transac-  
26          tion.

27          (2) A user who seeks a refund pursuant to the provisions of this section  
28          shall:

29               (a) Have engaged in a transaction or transactions involving the virtual  
30               currency kiosk that were affected by fraud, whether authorized or unau-  
31               thorized;

32               (b) Contact the virtual currency kiosk operator to inform the opera-  
33               tor of the fraudulent nature of the transaction or transactions at issue  
34               within thirty (30) days after the last transaction to occur or becoming  
35               aware of the theft; and

36               (c) Within thirty (30) days after contacting the virtual kiosk opera-  
37               tor, submit a police report, government agency report, or a sworn state-  
38               ment detailing the fraudulent nature of the transaction or transactions  
39               and provide a copy to the virtual currency kiosk operator.

40          (3) If conditions for refund issuance pursuant to this section are met,  
41          an operator shall issue a full refund of transaction fees within ten (10)  
42          business days after receiving notice from a user and receiving a copy of the  
43          police report, government agency report, or sworn statement.

44          (4) A refund pursuant to this section shall be paid to a user in the  
45          user's originating currency.

46          (5) The refund available pursuant to this section is distinct from the  
47          refund available to protect new customers pursuant to section 28-5408, Idaho  
48          Code, and such refunds shall be exclusive of each other.

1           28-5410. PENALTIES. (1) A violation of this chapter shall be deemed an  
2 unfair and deceptive practice in violation of the Idaho consumer protection  
3 act, chapter 6, title 48, Idaho Code.

4           (2) The attorney general may undertake any and all actions authorized  
5 by the Idaho consumer protection act to investigate and enforce a violation  
6 of this chapter.

7           (3) A person harmed by a violation of this chapter may initiate a civil  
8 action and may seek remedies pursuant to section 48-608, Idaho Code.

9           (4) In addition to any other penalties:

10          (a) An operator who violates this chapter shall be subject to revoca-  
11 tion of such operator's money transmitter licensure pursuant to the  
12 provisions of chapter 29, title 26, Idaho Code; and

13          (b) An operator who willfully and knowingly violates this chapter shall  
14 be guilty of a misdemeanor and, upon conviction, may be sentenced to pay  
15 a fine not exceeding one thousand dollars (\$1,000).

16           28-5411. INFORMATION-SHARING RELATED TO VIRTUAL CURRENCY KIOSK  
17 FRAUD. (1) Notwithstanding any provision of law to the contrary, upon rea-  
18 sonable suspicion of fraud or financial exploitation involving a virtual  
19 currency kiosk transaction, the department, the attorney general, any state  
20 or local law enforcement agency, the Idaho commission on aging, or an adult  
21 protective services provider may share relevant information relating to  
22 such suspicion for the purposes of investigation, enforcement, or consumer  
23 protection.

24          (2) If the department is conducting an investigation or becomes aware  
25 of an ongoing investigation involving suspected fraud or financial ex-  
26 ploitation related to a virtual currency kiosk transaction, the department  
27 shall share relevant information with the attorney general and any state or  
28 local law enforcement agency with jurisdiction and with the Idaho commission  
29 on aging or an adult protective services provider when the affected individ-  
30 ual is a potentially vulnerable older adult.

31          (3) Information shared pursuant to this section that is confidential or  
32 exempt from disclosure under chapter 1, title 74, Idaho Code, shall retain  
33 its confidential status and shall not be subject to public disclosure except  
34 as otherwise authorized by law.

35          (4) Any agency, political subdivision, or employee thereof who acts in  
36 good faith when sharing information pursuant to this section shall be immune  
37 from any civil or criminal liability arising from the sharing of such infor-  
38 mation.

39           28-5412. APPLICABILITY. (1) This chapter shall only be construed to  
40 regulate transactions conducted through a virtual currency kiosk.

41          (2) Nothing in this chapter shall apply to online transactions or over-  
42 the-counter transactions conducted by a virtual currency kiosk owner.

43          (3) Nothing in this chapter shall be construed to modify or limit the  
44 applicability of any other provision of Idaho law, including the Idaho money  
45 transmitters act, to online or over-the-counter transactions conducted by a  
46 virtual currency kiosk owner outside of a virtual currency kiosk.

1           SECTION 2. An emergency existing therefor, which emergency is hereby  
2 declared to exist, this act shall be in full force and effect on and after  
3 July 1, 2026.