

1 Sec. 1. 8 V.S.A. § 2571 is amended to read:

2 § 2571. DEFINITIONS

3 As used in this subchapter:

4 (1) “Blockchain” has the same meaning as in 12 V.S.A. § 1913(a)(1).

5 (2) “Blockchain analytics” means a software service that uses data from  
6 various virtual currencies and their applicable blockchains to provide a risk  
7 rating specific to digital wallet addresses from users of virtual-currency kiosks.

8 (3) “Digital wallet” means hardware or software that enables individuals  
9 to store and use virtual currency.

10 (4) “Digital wallet address” means an alphanumeric identifier  
11 representing a destination on a blockchain for a virtual currency transfer that is  
12 associated with a digital wallet.

13 (5) “Exchange,” used as a verb, means to assume or exercise control of  
14 virtual currency from or on behalf of a person, including momentarily, to buy,  
15 sell, trade, or convert:

16 (A) virtual currency for money, monetary value, bank credit, or one  
17 or more forms of virtual currency, or other consideration; or

18 (B) money, monetary value, bank credit, or other consideration for  
19 one or more forms of virtual currency.

20 (6) “Existing customer” means a consumer who:

1           (A) is engaging in a transaction at a virtual-currency kiosk in  
2           Vermont; and

3           (B) has been registered as a customer of the virtual-currency operator  
4           for more than 72 hours.

5           (7) “New customer” means a consumer who:

6           (A) is engaging in a transaction at a virtual-currency kiosk in  
7           Vermont; and

8           (B) has been registered as a customer of the virtual-currency kiosk  
9           operator for not more than 72 hours.

10          ~~(2)~~(8) “Transfer” means to assume or exercise control of virtual  
11          currency from or on behalf of a person and to:

12                 (A) credit the virtual currency to the account or digital wallet of  
13                 another person;

14                 (B) move the virtual currency from one account or digital wallet of a  
15                 person to another account or digital wallet of the same person; or

16                 (C) relinquish or transfer control or ownership of virtual currency to  
17                 another person, digital wallet, distributed ledger address, or smart contract.

18          Sec. 2. 8 V.S.A. § 2574 is amended to read:

19          § 2574. REQUIRED DISCLOSURES

20                 (a) A person licensed under subchapter 2 of this chapter to engage in  
21                 virtual-currency business activity shall provide the disclosures required by this

1 section and any additional disclosure the Commissioner determines reasonably  
2 necessary for the protection of the public.

3 (1) A disclosure required by this section must be made separately from  
4 any other information provided by the licensee and in a clear and conspicuous  
5 manner in a record the person may keep.

6 (2) The Commissioner may waive one or more requirements in  
7 subsections (b)–(d) of this section and approve alternative disclosures proposed  
8 by a licensee if the Commissioner determines that the alternative disclosure is  
9 more appropriate for the virtual-currency business activity and provides the  
10 same or equivalent information and protection to the public.

11 (b) Before engaging in virtual-currency business activity with a person, a  
12 licensee shall disclose, to the extent applicable to the virtual-currency business  
13 activity the licensee will undertake with the person:

14 (1) a schedule of fees and charges the licensee may assess, the manner  
15 by which fees and charges will be calculated if they are not set in advance and  
16 disclosed, and the timing of the fees and charges, including general disclosure  
17 regarding mark-ups and mark-downs on purchases, sales, or exchanges of  
18 virtual currency in which the licensee or any affiliate thereof is acting in a  
19 principal capacity;

20 (2) whether the product or service provided by the licensee is covered  
21 by:

1 (A) a form of insurance or is otherwise guaranteed against loss by an  
2 agency of the United States:

3 (i) up to the full U.S. dollar equivalent of virtual currency  
4 purchased from the licensee or for control of virtual currency by the licensee as  
5 of the date of the placement or purchase, including the maximum amount  
6 provided by insurance under the Federal Deposit Insurance Corporation or  
7 otherwise available from the Securities Investor Protection Corporation; or

8 (ii) if not provided at the full U.S. dollar equivalent of virtual  
9 currency purchased from the licensee or for control of virtual currency by the  
10 licensee, the maximum amount of coverage for each person expressed in the  
11 U.S. dollar equivalent of the virtual currency; or

12 (B) private insurance against theft or loss, including cyber theft or  
13 theft by other means;

14 (3) the irrevocability of a transfer or exchange and any exception to  
15 irrevocability;

16 (4) a description of:

17 (A) liability for an unauthorized, mistaken, or accidental transfer or  
18 exchange;

19 (B) the person's responsibility to provide notice to the licensee of the  
20 transfer or exchange;

21 (C) the basis for any recovery by the person from the licensee;

1 (D) general error-resolution rights applicable to the transfer or  
2 exchange; and

3 (E) the method for the person to update the person’s contact  
4 information with the licensee;

5 (5) that the date or time when the transfer or exchange is made and the  
6 person’s account is debited may differ from the date or time when the person  
7 initiates the instruction to make the transfer or exchange;

8 (6) whether the person has a right to stop a preauthorized payment or  
9 revoke authorization for a transfer and the procedure to initiate a stop-payment  
10 order or revoke authorization for a subsequent transfer;

11 (7) the person’s right to receive a receipt, trade ticket, or other evidence  
12 of the transfer or exchange;

13 (8) the person’s right to at least 30 days’ prior notice of a change in the  
14 licensee’s fee schedule, other terms and conditions of operating its virtual-  
15 currency business activity with the person, and the policies applicable to the  
16 person’s account; and

17 (9) that virtual currency is not money.

18 (c) In connection with any virtual-currency transaction effected through a  
19 money transmission kiosk in this State, or in any transaction where the licensee  
20 or any affiliate thereof is acting in a principal capacity in a sale of virtual  
21 currency to, or purchase of virtual currency from, a customer, then

1 immediately prior to effecting such a purchase or sale transaction with or on  
2 behalf of a customer, a licensee shall prominently disclose and require the  
3 customer to acknowledge and confirm:

4 (1) the type, value, date, precise time, and amount of the transaction;

5 ~~and~~

6 (2) the consideration charged for the transaction, including:

7 (A) any charge, fee, commission, or other consideration for any trade,  
8 exchange, conversion, or transfer involving virtual currency; and

9 (B) any difference between the price paid by the customer for any  
10 virtual currency and the prevailing market price of such virtual currency, if  
11 any;

12 (3) for a customer of a virtual-currency kiosk, a description of the  
13 virtual-currency kiosk operator’s refund policy;

14 (4) for a customer of a virtual-currency kiosk, the customer warning  
15 described in subsection (g) of this section; and

16 (5) for a new customer of a virtual-currency kiosk, a statement of the  
17 material risks associated with virtual-currency transactions, generally, as  
18 described in subsection (h) of this section.

19 (d) Except as otherwise provided in subsection (e) of this section, at the  
20 conclusion of a virtual-currency transaction with or on behalf of a person, a  
21 licensee shall provide the person with a receipt that contains:

- 1           (1) the name and contact information of the licensee, including  
2 information the person may need to ask a question or file a complaint;
- 3           (2) the type, value, date, precise time, and amount of the transaction;
- 4           (3) the consideration charged for the transaction, including:
- 5                 (A) any charge, fee, commission, or other consideration for any trade,  
6 exchange, conversion, or transfer involving virtual currency; or
- 7                 (B) the amount of any difference between the price paid by the  
8 customer for any virtual currency and the prevailing market price of such  
9 virtual currency, if any; ~~and~~
- 10           (4) The name and telephone number of the Department of Financial  
11 Regulation and a statement disclosing that a customer may contact the  
12 Department with questions or complaints about a licensee; and
- 13           (5) any other information required pursuant to section 2562 of this title.
- 14           (e) If a licensee discloses that it will provide a daily confirmation in the  
15 initial disclosure under subsection ~~(e)~~(b) of this section, the licensee may elect  
16 to provide a single, daily confirmation for all transactions with or on behalf of  
17 a person on that day instead of a per-transaction confirmation.
- 18           (f) Notwithstanding any other provision of law to the contrary, a virtual-  
19 currency kiosk operator shall provide a customer with both a paper and an  
20 electronic receipt for each virtual-currency transaction completed at a virtual-  
21 currency kiosk. In addition to the information required to be included in a

1 receipt under subsection (d) of this section or under section 2562 of this title,  
2 each receipt for virtual-currency transaction completed at a virtual-currency  
3 kiosk shall include the identification of any applicable digital wallet address to  
4 which virtual currency is transmitted, the full name of the account owner, any  
5 unique transaction identifiers, and a prominent statement of the virtual-  
6 currency kiosk operator’s refund obligations under this section, in a form  
7 approved by the Commissioner.

8 (g) Prior to entering into a virtual-currency transaction with a customer at a  
9 virtual-currency kiosk, and as required by subdivision (c)(4) of this section,  
10 each virtual-currency kiosk operator shall ensure a warning is disclosed to the  
11 customer substantially similar to the following:

12 Customer Notice. Please Read Carefully.

13 Did you receive a phone call from your bank, software provider, the police,  
14 or were you directed to make a payment for Social Security, a utility bill, an  
15 investment, warrants, or bail money at this kiosk? STOP

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

18 I understand that the purchase and sale of cryptocurrency is a final,  
19 irreversible, and nonrefundable transaction.



1        I confirm I am sending funds to a wallet I own or directly have control over.

2        I confirm that I am using funds gained from my own initiative to make my  
3        transaction.

4        (h) As used in subdivision (c)(5) of this section, a statement of material  
5        risks associated with virtual-currency transactions, generally, shall include  
6        disclosures substantially similar to the following:

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

10          (2) legislative and regulatory changes or actions at the State, federal, or  
11          international level may adversely affect the use, transfer, exchange, and value  
12          of virtual currency;

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

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

18          (5) the value of virtual currency may be derived from the continued  
19          willingness of market participants to exchange fiat currency for virtual  
20          currency, which may result in the potential for permanent and total loss of

1 value of a particular virtual currency should the market for that virtual  
2 currency disappear;

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

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

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

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

13 (10) any bond or trust account maintained by the virtual-currency kiosk  
14 operator for the benefit of its customers may not be sufficient to cover all  
15 losses incurred by customers.

16 Sec. 3. 8 V.S.A. § 2577 is amended to read:

17 § 2577. VIRTUAL-CURRENCY KIOSK OPERATORS

18 (a) Daily transaction limit. A virtual-currency kiosk operator shall not  
19 accept or dispense more than \$1,000.00 of cash in a day in connection with  
20 virtual-currency transactions with a single customer in this State via one or  
21 more money transmission kiosks.

1 (b) Fee cap. The aggregate fees and charges, directly or indirectly, charged  
2 to a customer related to a single transaction or series of related transactions  
3 involving virtual currency effected through a money transmission kiosk in this  
4 State, including any difference between the price charged to a customer to buy,  
5 sell, exchange, swap, or convert virtual currency and the prevailing market  
6 value of such virtual currency at the time of such transaction, shall not exceed  
7 the greater of the following:

8 (1) \$5.00; or

9 (2) ~~three~~ 15 percent of the U.S. dollar equivalent of virtual currency  
10 involved in the transaction or transactions.

11 (c) Single transaction. The purchase, sale, exchange, swap, or conversion  
12 of virtual currency, or the subsequent transfer of virtual currency, in a series of  
13 transactions shall be deemed to be a single transaction for purposes of  
14 ~~subsection (b)~~ subsections (a) and (b) of this section.

15 (d) Licensing requirement. A virtual-currency kiosk operator shall comply  
16 with the licensing requirements of this subchapter to the extent that the virtual-  
17 currency kiosk operator engages in virtual-currency business activity.

18 (e) Operator accountability. If a virtual-currency kiosk operator allows or  
19 facilitates another person to engage in virtual-currency business activity via a  
20 money transmission kiosk in this State that is owned, operated, or managed by

1 the virtual-currency kiosk operator, the virtual-currency kiosk operator shall do  
2 all of the following:

3 (1) ensure that the person engaging in virtual-currency business activity  
4 is licensed under subchapter 2 of this chapter to engage in virtual-currency  
5 business activity and complies with all other applicable provisions of this  
6 chapter;

7 (2) ensure that any charges collected from a customer via the money  
8 transmission kiosk comply with the limits provided by subsection (b) of this  
9 section; and

10 (3) comply with all other applicable provisions of this chapter.

11 (f) ~~Moratorium. To protect the public safety and welfare and safeguard the~~  
12 ~~rights of consumers, virtual-currency kiosks shall not be permitted to operate~~  
13 ~~in Vermont prior to July 1, 2025. This moratorium shall not apply to a virtual-~~  
14 ~~currency kiosk that was operational in Vermont on or before June 30, 2024.~~

15 Customer identification. For each virtual-currency transaction occurring at a  
16 virtual-currency kiosk in this State, the virtual-currency kiosk operator shall  
17 correctly verify the identity of the customer prior to accepting payment from  
18 the customer. A virtual-currency kiosk operator shall not allow a customer to  
19 engage in any transaction at a virtual-currency kiosk under any name, account,  
20 or identity other than the customer's own true name and identity. A virtual-  
21 currency kiosk operator shall be strictly liable for any violation of this

1 subsection. A virtual-currency kiosk operator shall obtain a copy of a  
2 government-issued identification card that identifies the customer and shall  
3 collect additional customer information, including the customer’s name, date  
4 of birth, telephone number, address, and email address prior to accepting any  
5 payment from a customer at a virtual-currency kiosk in this State.

6 (g) ~~Report. On or before January 15, 2025, the Commissioner of Financial~~  
7 ~~Regulation shall report to the House Committee on Commerce and Economic~~  
8 ~~Development and the Senate Committee on Finance on whether the~~  
9 ~~requirements of this section coupled with relevant federal requirements are~~  
10 ~~sufficient to protect customers in Vermont from fraudulent activity. If deemed~~  
11 ~~necessary and appropriate by the Commissioner, the Commissioner may make~~  
12 ~~recommendations for additional statutory or regulatory safeguards. In~~  
13 ~~addition, the Commissioner shall make recommendations for enhanced~~  
14 ~~oversight and monitoring of virtual-currency kiosks for the purpose of~~  
15 ~~minimizing their use for illicit activities as described in the U.S. Government~~  
16 ~~Accountability Office report on virtual currencies, GAO 22-105462, dated~~  
17 ~~December 2021.~~ Customer support. A virtual-currency kiosk operator shall  
18 offer live, toll-free, telephone customer support during the hours of operation  
19 of a virtual-currency kiosk. The customer support telephone number shall be  
20 displayed on the virtual-currency kiosk or on the virtual-currency kiosk screen.

21 (h) Mandatory live screening.

1           (1) A virtual-currency kiosk operator shall identify and speak by  
2 telephone with:

3           (A) a new customer over 60 years of age prior to such new  
4 customer’s first virtual-currency transaction with the virtual-currency kiosk  
5 operator; or

6           (B) a customer attempting to conduct more than \$5,000.00 in virtual  
7 currency transactions during any consecutive 10-day period.

8           (2) The virtual-currency kiosk operator’s approval of a transaction  
9 subject to a mandatory live screening under this subsection shall be dependent  
10 upon its assessment of its communication with the customer during the  
11 screening.

12           (3) A virtual-currency kiosk operator shall record and retain a copy of  
13 each mandatory live screening.

14           (4) During the mandatory live screening, the virtual-currency kiosk  
15 operator shall:

16           (A) positively identify the customer;

17           (B) reconfirm any attestations made by the customer at the virtual-  
18 currency kiosk;

19           (C) discuss the purpose of the transaction; and

20           (D) discuss types of fraudulent schemes relating to virtual currency.

1        (i) Blockchain analytics. A virtual-currency kiosk operator shall use  
2        blockchain analytics software to assist in the prevention of sending purchased  
3        virtual currency from a virtual-currency kiosk operator to a digital wallet  
4        known to be affiliated with fraudulent activity at the time of a transaction. The  
5        Commissioner may request evidence from any virtual-currency kiosk operator  
6        of its current use of blockchain analytics.

7        (j) Full refund for new customers. Upon a new customer’s request, a  
8        virtual-currency kiosk operator shall issue a refund to a new customer for the  
9        full amount of any fraudulent virtual-currency transaction made within the 72-  
10       hour new customer period, including any associated fees, provided the  
11       customer:

12        (1) within 14 days after the last transaction to occur during the 72-hour  
13       new customer period, reports the fraudulent transaction to a government or law  
14       enforcement agency; and

15        (2) within 24 hours after reporting the fraudulent transaction to a  
16       government or law enforcement agency, reports the fraudulent transaction to  
17       the virtual-currency kiosk operator by email address or telephone number  
18       disclosed at the virtual-currency kiosk and identifies the government of law  
19       enforcement agency that received the customer’s original report.

20        (k) Fee refund for existing customers. Upon an existing customer’s  
21       request, a virtual-currency kiosk operator shall refund all fees associated with a

1 fraudulent virtual-currency transaction that is not eligible for a full refund  
2 under subsection (j) of this section, provided that, within six months following  
3 the fraudulent transaction, the customer reports the fraudulent transaction to a  
4 government or law enforcement agency and to the virtual-currency kiosk  
5 operator.

6 (l) Fraud prevention. A virtual-currency kiosk operator shall take  
7 reasonable steps to detect and prevent fraud, including establishing and  
8 maintaining a written antifraud policy. The antifraud policy shall, at a  
9 minimum, include the following:

10 (1) the identification and assessment of fraud-related risk areas;

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

12 (3) allocation of responsibility for monitoring risks; and

13 (4) procedures for the periodic evaluation and revision of the antifraud  
14 procedures, controls, and monitoring mechanisms.

15 (m) Due diligence policy. A virtual-currency kiosk operator shall maintain,  
16 implement, and enforce a written Enhanced Due Diligence Policy. The Policy  
17 shall be reviewed and approved by the virtual-currency kiosk operator's board  
18 of directors or an equivalent governing body of the virtual-currency kiosk  
19 operator. The Policy shall identify, at a minimum, individuals who are at risk  
20 of fraud based on age or mental capacity.



1        (n) Compliance policies. A virtual-currency kiosk operator shall maintain,  
2        implement, and enforce written compliance policies and procedures. Such  
3        policies and procedures shall be reviewed and approved by the virtual-currency  
4        kiosk operator’s board of directors or an equivalent governing body of the  
5        virtual-currency kiosk operator.

6        (o) Compliance officer.

7            (1) A virtual-currency kiosk operator shall designate and employ a  
8        compliance officer who meets the following requirements:

9            (A) is qualified to coordinate and monitor compliance with this  
10        section and all other applicable federal and State laws and regulations;

11            (B) is employed full-time by the virtual-currency kiosk operator; and

12            (C) is not an individual who owns more than 20 percent of the  
13        virtual-currency kiosk operator by whom the individual is employed.

14            (2) Compliance responsibilities required under federal and State law and  
15        regulation shall be completed by one or more full-time employees of the

16        virtual-currency kiosk operator.

17        (p) Consumer protection officer. A virtual-currency kiosk operator shall  
18        designate and employ a consumer protection officer who meets the following  
19        requirements:

20            (1) is qualified to coordinate and monitor compliance with this section  
21        and all other applicable federal and State laws and regulations;

1           (2) is employed full-time by the virtual-currency kiosk operator; and

2           (3) is not an individual who owns more than 20 percent of the virtual-

3 currency kiosk operator by whom the individual is employed.

4           Sec. 4. EFFECTIVE DATE

5           This act shall take effect on July 1, 2025.