

HOUSE BILL No. 2515

By Committee on Financial Institutions and Pensions

Requested by Representative Hoheisel

1-22

1 AN ACT concerning money transmission; enacting the virtual currency
2 kiosk consumer protection act; providing definitions; establishing
3 requirements for virtual currency kiosk operators relating to certain
4 disclosures, transaction receipts, fraud detection and prevention, live
5 customer service, kiosk location reporting, money transmission
6 licensure and refunds; imposing certain limits on virtual currency kiosk
7 transaction amounts and charges; authorizing the attorney general and
8 any law enforcement agency to investigate reports of fraudulent money
9 transmission and report to the state bank commissioner; amending
10 K.S.A. 2025 Supp. 9-555, 9-556, 9-558, 9-572 and 9-589 and repealing
11 the existing sections.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. The provisions of sections 1 through 6, and
15 amendments thereto, shall be known and may be cited as the virtual
16 currency kiosk consumer protection act, and shall be a part of and
17 supplemental to the Kansas money transmission act.

18 New Sec. 2. As used in this act:

19 (a) "Act" means the virtual currency kiosk consumer protection act.

20 (b) "Blockchain" means a distributed digital ledger or database that is
21 chronological, consensus-based, decentralized and mathematically verified
22 in nature.

23 (c) "Blockchain analytics" means a software service that uses data
24 from various virtual currencies and such currencies' applicable blockchains
25 to provide a risk rating specific to digital wallet addresses from users of
26 virtual currency kiosks.

27 (d) "Digital wallet" means hardware or software that enables
28 individuals to store and use virtual currency.

29 (e) "Digital wallet address" means an alphanumeric identifier
30 representing a destination on a blockchain for a virtual currency transfer
31 that is associated with a digital wallet.

32 (f) "Initial virtual currency transaction" means the first transaction
33 that a virtual currency operator facilitates in the exchange of money for
34 virtual currency or virtual currency for money or other virtual currency
35 with a person in Kansas.

1 (g) "Virtual currency" means a digital representation of value that:

2 (1) Is used as a medium of exchange, unit of account or store of
3 value;

4 (2) is not money, whether or not denominated in money; and

5 (3) does not include a:

6 (A) Transaction in which a merchant grants, as part of an affinity or
7 rewards program, value that cannot be taken from or exchanged with the
8 merchant for money, bank credit or virtual currency; or

9 (B) digital representation of value issued by or on behalf of a
10 publisher and used solely within an online game, game platform or family
11 of games sold by the same publisher or offered on the same game
12 platform.

13 (h) "Virtual currency kiosk" means an electronic terminal owned,
14 rented or leased by a virtual currency kiosk operator that enables the
15 operator to facilitate the exchange of money for virtual currency or virtual
16 currency for money or other virtual currency with a person in Kansas,
17 including, but not limited to:

18 (1) Connecting directly to a separate virtual currency exchange that
19 performs the actual virtual currency transmission; or

20 (2) drawing upon the virtual currency in the possession of the owner
21 or operator of the electronic terminal.

22 (i) "Virtual currency kiosk operator" means a person who owns, rents
23 or leases a virtual currency kiosk and engages in virtual currency
24 transactions at a physical location within this state.

25 New Sec. 3. (a) Prior to entering into an initial virtual currency
26 transaction for, on behalf of or with a person in Kansas, each virtual
27 currency kiosk operator shall disclose in clear, conspicuous and legible
28 writing in the English language, whether in accessible terms of service or
29 elsewhere, all material risks associated with such virtual currency kiosk
30 operator's products, services and activities and virtual currency, generally,
31 including disclosures substantially similar to the following:

32 (1) Virtual currency is not legal tender and is not backed or insured
33 by the government;

34 (2) legislative and regulatory changes or actions at the state, federal
35 or international level may adversely affect the use, transfer, exchange and
36 value of virtual currency;

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

40 (4) some virtual currency transactions shall be deemed to be made
41 when recorded on a public ledger that is not necessarily the date or time
42 that you initiate the transaction;

43 (5) the value of virtual currency may be derived from the continued

1 willingness of market participants to exchange money for virtual currency,
2 which may result in the potential for permanent and total loss of value of a
3 particular virtual currency should the market for that virtual currency
4 disappear;

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

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

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

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

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

18 (b) When opening an account, and prior to entering into an initial
19 virtual currency transaction for, on behalf of or with such person in
20 Kansas, each virtual currency kiosk operator shall disclose in clear,
21 conspicuous and legible writing in the English language, whether in
22 accessible terms of service or elsewhere, all relevant terms and conditions
23 associated with such virtual currency kiosk operator's products, services
24 and activities and virtual currency, generally, including disclosures
25 substantially similar to the following:

26 (1) The person's liability for unauthorized virtual currency
27 transactions;

28 (2) under what circumstances the virtual currency kiosk operator will,
29 absent a court or government order, disclose the person's information to
30 third parties;

31 (3) the person's right to receive periodic account statements and
32 valuations from the virtual currency kiosk operator;

33 (4) the person's right to receive a receipt, trade ticket or other
34 evidence of a transaction;

35 (5) the person's right to prior notice of a change in the virtual
36 currency kiosk operator's rules or policies; and

37 (6) such other disclosures as are customarily given in connection with
38 the opening of accounts.

39 (c) Prior to entering into each virtual currency transaction with a
40 person in Kansas, each virtual currency kiosk operator shall ensure that a
41 warning is clearly and conspicuously disclosed on the screen, that shall be
42 acknowledged by tapping the screen or similar manner, and by email, in at
43 least 12-point or the largest available font size that is substantially similar

1 to the following, including bold and capitalization:

2 **WARNING: CONSUMER FRAUD OFTEN STARTS WITH**
3 **CONTACT FROM A STRANGER WHO IS INITIATING A**
4 **DISHONEST SCHEME. CRIMINAL ACTIVITY MAY APPEAR IN**
5 **MANY FORMS, INCLUDING, BUT NOT LIMITED TO, THE**
6 **FOLLOWING:**

- 7 1. Impersonating a family member or friend while claiming to be in
8 financial or criminal trouble.
- 9 2. Communication from someone impersonating a representative of
10 your financial institution or a law enforcement officer.
- 11 3. Claims of a frozen bank account or credit card.
- 12 4. Claims of fraudulent financial transactions.
- 13 5. Claims of identity theft or job offers in exchange for payment.
- 14 6. Requests for payment to government agencies or companies.
- 15 7. Requests for disaster relief donations or loans.
- 16 8. Offers to purchase tickets for lotteries, sweepstakes or drawings for
17 vehicles.

18 **IF YOU BELIEVE YOU ARE BEING SCAMMED, CONTACT**
19 **YOUR LOCAL LAW ENFORCEMENT.**

20 (d) Upon completion of any virtual currency kiosk transaction, each
21 virtual currency kiosk operator shall provide to the person in Kansas a
22 receipt containing the following information:

23 (1) The name and contact information of the virtual currency kiosk
24 operator, including a telephone number established by the virtual currency
25 kiosk operator to answer questions and register complaints;

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

28 (3) the fee charged;

29 (4) the exchange rate, if applicable;

30 (5) the difference, if any, between the exchange rate and the market
31 rate of any virtual currency involved in the transaction realized by the
32 person in Kansas if the difference represents a decrease in value. The
33 difference shall be expressed in the equivalent United States dollar and
34 labeled as a "spread fee";

35 (6) a statement of the liability of the virtual currency kiosk operator
36 for non-delivery or delayed delivery;

37 (7) a statement of the refund policy of the virtual currency kiosk
38 operator in compliance with section 7, and amendments thereto; and

39 (8) the complete wallet address where money or virtual currency is
40 deposited or sent.

41 (e) The receipt required by subsection (d) shall be provided in paper
42 form if the virtual currency kiosk operator first placed a virtual currency
43 kiosk into service in Kansas on or after July 1, 2026. If a virtual currency

1 kiosk was placed into service before July 1, 2026, the virtual currency
2 kiosk operator shall provide a paper or digital receipt. All digital receipts
3 shall require a clicked acknowledgment that the consumer has provided
4 such consumer's email address.

5 (f) If the virtual currency kiosk provider agrees to conduct the
6 transaction in Spanish, all disclosures required by this section shall also be
7 provided in Spanish. In lieu of the disclosure required by subsection (c),
8 the virtual currency kiosk provider shall ensure that a warning is clearly
9 and conspicuously disclosed on the screen, that shall be acknowledged by
10 tapping the screen or similar manner, and by email in at least 12-point or
11 the largest available font size that is substantially similar to the following,
12 including bold and capitalization:

13 **ADVERTENCIA: EL FRAUDE AL CONSUMIDOR**
14 **FRECUENTEMENTE COMIENZA CON EL CONTACTO DE UN**
15 **EXTRAÑO QUE ESTÁ INICIANDO UN PLAN DESHONESTO. LA**
16 **ACTIVIDAD CRIMINAL PUEDE APARECER DE MUCHAS**
17 **FORMAS, INCLUYENDO, PERO NO LIMITADO, A LAS**
18 **SIGUIENTES:**

19 1. Hacerse pasar por un familiar o amigo mientras afirma estar en
20 problemas financieros o criminales.

21 2. Comunicación de alguien que se hace pasar por un representante de
22 su institución financiera o una agente policiaca.

23 3. Afirmaciones de cuenta bancaria o tarjeta de crédito congelada.

24 4. Afirmaciones de transacciones financieras fraudulentas.

25 5. Afirmaciones de robo de identidad u ofertas de trabajo a cambio de
26 un pago.

27 6. Solicitudes de pago a agencias o empresas gubernamentales.

28 7. Solicitudes de donaciones o préstamos para ayuda en casos de
29 desastre.

30 8. Ofertas para la compra de billetes de loterías, sorteos o sorteos de
31 vehículos.

32 **SI CREEES QUE ESTÁS SIENDO ESTAFADO, COMUNÍQUESE**
33 **CON LA POLICÍA LOCAL.**

34 (g) Each virtual currency kiosk operator shall retain evidence of
35 disclosures as required by this section for three years in addition to all
36 other retention requirements of K.S.A. 2025 Supp. 9-578, and amendments
37 thereto.

38 (h) The disclosures required by this section are intended to serve as
39 warnings to users who may be conducting a virtual currency kiosk
40 transaction as a result of a scam. Such disclosures shall not affect or
41 prevent a fraud victim's ability to be eligible for a refund.

42 New Sec. 4. (a) All virtual currency kiosk operators shall use
43 blockchain analytics software to assist in the prevention of sending

1 purchased virtual currency from a virtual currency kiosk operator to a
2 digital wallet known to be affiliated with fraudulent activity at the time of
3 a transaction. The commissioner may request evidence from any virtual
4 currency kiosk operator of current and historical use of blockchain
5 analytics. The virtual currency kiosk operator shall be held harmless if
6 such virtual currency kiosk operator refuses to complete a transaction
7 based upon the knowledge or a credible suspicion that a digital wallet in
8 the transaction is affiliated with fraudulent activity.

9 (b) All virtual currency kiosk operators performing business in this
10 state shall provide live customer service during kiosk operating hours. The
11 customer service toll-free number shall be displayed on the virtual
12 currency kiosk or the virtual currency kiosk screens. The customer service
13 toll-free number shall be staffed by trained individuals who are employed
14 by or on behalf of the virtual currency kiosk operator and who provide
15 customer assistance to a caller in real time.

16 (c) All virtual currency kiosk operators shall take reasonable steps to
17 detect and prevent fraud, including establishing and maintaining a written
18 anti-fraud policy. The anti-fraud policy shall, at a minimum, include:

- 19 (1) The identification and assessment of fraud-related risk areas;
- 20 (2) procedures and controls to protect against identified risks;
- 21 (3) allocation of responsibility for monitoring risks; and
- 22 (4) procedures for the periodic evaluation and revision of the anti-
23 fraud procedures, controls and monitoring mechanisms.

24 (d) (1) Each virtual currency kiosk operator shall maintain,
25 implement and enforce a written enhanced due diligence policy. Such a
26 policy shall be reviewed and approved by the virtual currency kiosk
27 operator's board of directors or an equivalent governing body of the virtual
28 currency kiosk operator.

29 (2) The enhanced due diligence policy shall identify, at a minimum,
30 individuals who are at risk of fraud based on age or mental capacity.

31 (e) Each virtual currency kiosk operator shall designate and employ a
32 consumer protection officer with the following requirements:

33 (1) The individual shall be qualified to coordinate and monitor
34 compliance with this section and all other applicable federal and state
35 laws, rules and regulations;

36 (2) the individual shall be employed full time by the virtual currency
37 kiosk operator;

38 (3) the designated consumer protection officer shall not be an
39 individual who owns more than 20% of the virtual currency kiosk operator
40 by which the individual is employed; and

41 (4) the designated consumer protection officer shall have a direct
42 dedicated telephone number outside of any call routing system and an
43 email address for facilitating law enforcement and regulatory agency

1 communications.

2 (f) (1) Each virtual currency kiosk operator shall submit a report to
3 the commissioner, including the location of each virtual currency kiosk
4 within this state, within 45 days of the end of each calendar quarter in the
5 form and manner directed by the commissioner.

6 (2) The location report of such virtual currency kiosk shall include, at
7 a minimum:

8 (A) The legal name of the company;

9 (B) any fictitious or trade name;

10 (C) the physical address;

11 (D) when the virtual currency kiosk was first placed into service in
12 Kansas;

13 (E) the virtual currency kiosk's operating hours;

14 (F) the start date of operation of a virtual currency kiosk at each
15 location; and

16 (G) the end date of operation of a virtual currency kiosk at each
17 location, if applicable.

18 (g) (1) Any virtual currency kiosk operator who owns, operates,
19 solicits, markets, advertises or facilitates virtual currency kiosks in this
20 state shall be deemed to be engaged in money transmission and require
21 licensure pursuant to K.S.A. 2025 Supp. 9-564, and amendments thereto,
22 and fully comply with money transmitter reporting.

23 (2) All unlicensed virtual currency kiosk operators shall apply for a
24 money transmitter license within 60 days after July 1, 2026. Virtual
25 currency kiosk operators who apply within such time provided shall be
26 allowed to continue operations while the commissioner reviews a complete
27 application. Any virtual currency kiosk operator whose application is
28 denied by the commissioner shall cease operations until granted a money
29 transmitter license.

30 (h) For each virtual currency transaction, the virtual currency kiosk
31 operator or such operator's authorized delegate shall verify the identity of
32 the user prior to accepting payment from such user. A virtual currency
33 kiosk operator or such operator's authorized delegate shall obtain a copy of
34 a government-issued identification card that identifies such user and shall
35 collect additional information, including the user's name, date of birth,
36 telephone number, address and email address prior to accepting a payment
37 from such user at a virtual currency kiosk. A virtual currency kiosk
38 operator shall not allow a user to engage in any transaction at a virtual
39 currency kiosk under any name, account or identity other than such user's
40 own true name and identity. A virtual currency kiosk operator shall be
41 strictly liable for any violation of this section.

42 New Sec. 5. (a) A virtual currency kiosk operator shall not collect
43 direct or indirect charges related to a virtual currency transaction from a

1 person in Kansas that exceed the greater of the following:

2 (1) \$5 in United States currency or the equivalent; or

3 (2) 18% of the full money transmission amount in United States
4 currency or the equivalent.

5 (b) A spread on a virtual currency purchase or sale between the
6 market price and the price offered to a person in Kansas shall be
7 considered an indirect charge.

8 (c) Each virtual currency kiosk provider shall retain documentation of
9 the relevant virtual currency market price at the time of each transaction.

10 New Sec. 6. (a) Each virtual currency kiosk operator shall retain, hold
11 and safekeep any money or virtual currency provided as part of a
12 transaction with a person in Kansas for 72 hours for any transaction with a
13 person that is conducted within 14 days of the initial transaction.

14 (b) Irrespective of the holding period in subsection (a), the
15 transaction shall be completed at the agreed rates at the time the person in
16 Kansas initiated the transaction unless the virtual currency kiosk operator
17 is required by law or judicially ordered to safekeep the funds due to
18 criminal activity or receives a refund request under this section.

19 (c) A virtual currency kiosk operator may only engage in a
20 transaction with a person in Kansas under the following transaction and
21 day limitations:

22 (1) Within 14 days of the initial transaction, up to \$2,000 per day and
23 only one transaction within 72 hours of the initial transaction, and a
24 maximum of \$10,000 in total transactions within the first 14 days of the
25 initial transaction; and

26 (2) more than 14 days from the initial transaction, up to \$10,500 per
27 day.

28 (d) (1) Any person in Kansas may request a full refund of the initial
29 transaction for any reason from a virtual currency kiosk operator within
30 the holding period in subsection (a). The virtual currency kiosk operator
31 shall issue a full refund unless safekeeping the funds due to criminal
32 activity is required by law or judicially ordered.

33 (2) An existing customer of the virtual currency kiosk operator may
34 request only a refund of direct and indirect charges, including any spread
35 fee and transaction fee, if such existing customer:

36 (A) Reports that a money transmission or a series of money
37 transmissions was fraudulent to the commissioner, the attorney general or
38 a law enforcement agency within 30 calendar days after the date of the last
39 fraudulent money transmission; and

40 (B) submits to such virtual currency kiosk operator a police report
41 detailing the fraudulent nature of the money transmission involving such
42 virtual currency kiosk operator.

43 (e) For any initial transaction, upon the request of any person in

1 Kansas, the commissioner, the attorney general or any law enforcement
2 agency, the virtual currency kiosk operator shall issue a refund for the full
3 money transmission amount and any fees charged, including any spread
4 fee, if the person in Kansas:

5 (1) Reports that a money transmission or a series of money
6 transmissions was fraudulent to the commissioner, the attorney general or
7 a law enforcement agency within 30 calendar days after the date of the last
8 fraudulent money transmission; and

9 (2) submits to such virtual currency kiosk operator a police report or
10 a sworn declaration detailing the fraudulent nature of the money
11 transmission involving such virtual currency kiosk operator.

12 (f) The virtual currency kiosk operator shall issue any refund
13 requested under this section via a cash payout, the automated clearing
14 house or mail a paper check within 10 business days after receiving the
15 refund request. Notwithstanding the refund requirements of this section,
16 under reasonable suspicion of fraud or wrongdoing by any person on
17 behalf of the person in Kansas who initiated the transaction, a virtual
18 currency kiosk operator may delay sending a refund for cause if the
19 operator immediately reports such suspected fraud or wrongdoing to the
20 commissioner, the attorney general or any law enforcement agency, until
21 the receiving agency has advised the virtual currency kiosk operator of the
22 conclusion of any investigation into such alleged fraud or wrongdoing.

23 New Sec. 7. (a) The attorney general's office and any law
24 enforcement agency have the authority to investigate any fraudulent
25 money transmission reported by a person in Kansas. All money
26 transmitters shall comply with any investigation to the extent permitted by
27 state and federal law.

28 (b) The attorney general's office and any law enforcement agency in
29 Kansas shall periodically report to the commissioner any fraud or activity
30 that violates this act and is conducted by or alleged against a money
31 transmitter. In deciding whether to revoke or refuse to renew a license, the
32 commissioner may consider previous fraudulent activity or any activity
33 violating this act that is conducted by a money transmitter. The
34 commissioner shall share any reported fraudulent money transmission with
35 the attorney general's office and any relevant law enforcement agency in
36 Kansas.

37 (c) The provisions of this section shall be a part of and supplemental
38 to the Kansas money transmission act.

39 Sec. 8. K.S.A. 2025 Supp. 9-555 is hereby amended to read as
40 follows: 9-555. (a) K.S.A. 2025 Supp. 9-555 through 9-596, *and section 7*,
41 and amendments thereto, shall be known and may be cited as the Kansas
42 money transmission act.

43 (b) As used in the Kansas money transmission act:

1 (1) "Act" means the Kansas money transmission act.

2 (2) "Acting in concert" means persons knowingly acting together
3 with a common goal of jointly acquiring control of a licensee whether or
4 not pursuant to an express agreement.

5 (3) "Applicant in control of a licensee" means a person or a person in
6 a group of persons acting in concert that is in control of, or apply to
7 acquire control of, a licensee pursuant to K.S.A. 2025 Supp. 9-571, and
8 amendments thereto.

9 (4) "Authorized delegate" means a person designated by a licensee to
10 engage in money transmission on behalf of the licensee.

11 (5) "Average daily money transmission liability" means the amount of
12 the licensee's outstanding money transmission obligations in Kansas at the
13 end of each day in a given period of time added together and divided by
14 the total number of days in the given period of time. For any licensee
15 required to calculate "average daily money transmission liability" pursuant
16 to this act, the given period of time shall be the calendar quarters ending
17 March 31, June 30, September 30 and December 31.

18 (6) "Closed loop stored value" means stored value that is redeemable
19 by the issuer only for goods or services provided by the issuer or the
20 issuer's affiliates or franchisees of the issuer or the ~~franchisees's-~~
21 ~~franchisees'~~ affiliates, except to the extent required by applicable law to be
22 redeemable in cash for its cash value.

23 (7) "Commissioner" means the state bank commissioner, or a person
24 designated by the state bank commissioner to enforce this act.

25 (8) "Control" means the power to:

26 (A) Vote directly or indirectly at least 25% of the outstanding voting
27 shares or voting interests of a licensee or person in control of a licensee;

28 (B) elect or appoint a majority of key individuals or executive
29 officers, managers, directors, trustees or other persons exercising
30 managerial authority of a person in control of a licensee; or

31 (C) exercise, directly or indirectly, a controlling influence over the
32 management or policies of a licensee or person in control of a licensee.

33 (9) "Eligible rating" means a credit rating from any of the three
34 highest rating categories provided by an eligible rating service. Each rating
35 category may include rating category modifiers such as plus or minus for
36 Standard & Poor or the equivalent for any other eligible rating service.
37 "Eligible rating" shall be determined as follows:

38 (A) Long-term credit ratings shall be deemed eligible if the rating is
39 equal to A- or higher by Standard & Poor or the equivalent from any other
40 eligible rating service.

41 (B) Short-term credit ratings are deemed eligible if the rating is equal
42 to or higher than A-2 or SP-2 by Standard & Poor or the equivalent from
43 any other eligible rating service. If ratings differ among eligible rating

1 services, the highest rating shall apply when determining whether a
2 security bears an eligible rating.

3 (10) "Eligible rating service" means any nationally recognized
4 statistical rating organization that has been registered by the securities and
5 exchange commission or any organization designated by the commissioner
6 through order or rules and regulations as an eligible rating service.

7 (11) "Federally insured depository financial institution" means a
8 bank, credit union, savings and loan association, trust company, savings
9 association, savings bank, industrial bank or industrial loan company
10 organized under the laws of the United States or any state of the United
11 States, when such bank, credit union, savings and loan association, trust
12 company, savings association, savings bank, industrial bank or industrial
13 loan company has federally insured deposits.

14 (12) "In Kansas" means the:

15 (A) Physical location of a person who is requesting a transaction in
16 person in the state of Kansas; or

17 (B) person's residential address or the principal place of business for a
18 person requesting a transaction electronically or by telephone if such
19 residential address or principal place of business is in the state of Kansas.

20 (13) "Individual" means a natural person.

21 (14) "Key individual" means any individual ultimately responsible for
22 establishing or directing policies and procedures of the licensee, including,
23 but not limited to, an executive officer, manager, director or trustee.

24 (15) "Licensee" means a person licensed under this act.

25 (16) "Material litigation" means litigation, that according to United
26 States generally accepted accounting principles, is significant to a person's
27 financial health and would be a required disclosure in the person's annual
28 audited financial statements, report to shareholders or similar records.

29 (17) "Money" means a medium of exchange that is authorized or
30 adopted by the United States or a foreign government. "Money" includes a
31 monetary unit of account established by an intergovernmental organization
32 or by agreement between two or more governments.

33 (18) "Monetary value" means a medium of exchange, whether or not
34 redeemable in money.

35 (19) (A) "Money transmission" means any of the following:

36 (i) Selling or issuing payment instruments to a person located in
37 Kansas;

38 (ii) selling or issuing stored value to a person located in Kansas;

39 (iii) receiving money for transmission from a person located in
40 Kansas; ~~or~~

41 (iv) payroll processing services;

42 (v) *engaging in virtual currency transactions or other transactions*
43 *for a fee from a virtual currency kiosk physically located in Kansas; or*

1 (vi) *three-party exchanges with at least one person located in Kansas*
2 *in which money is exchanged for virtual currency.*

3 (B) "Money transmission" does not include:

4 (i) The provision of solely online or telecommunications services or
5 network access;

6 (ii) *two-party exchanges with at least one person located in Kansas*
7 *in which money is exchanged for virtual currency in any manner other*
8 *than from a virtual currency kiosk physically located in Kansas; and*

9 (iii) *exchanges of virtual currency for another virtual currency in any*
10 *manner other than from a virtual currency kiosk physically located in*
11 *Kansas.*

12 (20) "Money service business accredited state" means a state agency
13 that is accredited by the conference of state bank supervisors and money
14 transmitter regulators association for money transmission licensing and
15 supervision.

16 (21) "Multistate licensing process" means any agreement entered into
17 by state regulators relating to coordinated processing of applications for
18 money transmission licenses, applications for the acquisition of control of
19 a licensee, control determinations or notice and information requirements
20 for a change of key individuals.

21 (22) "Nationwide multistate licensing system and registry" means a
22 licensing system developed by the conference of state bank supervisors
23 and the American association of residential mortgage regulators and
24 owned and operated by the state regulatory registry, limited liability
25 company or any successor or affiliated entity for the licensing and
26 registration of persons in financial services industries.

27 (23) (A) "Outstanding money transmission obligation" means:

28 (i) Any payment instrument or stored value issued or sold by the
29 licensee to a person located in the United States or reported as sold by an
30 authorized delegate of the licensee to a person that is located in the United
31 States that has not yet been paid or refunded by or for the licensee or
32 escheated in accordance with applicable abandoned property laws; or

33 (ii) any money received for transmission by the licensee or an
34 authorized delegate in the United States from a person located in the
35 United States that has not been received by the payee or refunded to the
36 sender or escheated in accordance with applicable abandoned property
37 laws.

38 (B) "In the United States" includes a person in any state, territory or
39 possession of the United States, the District of Columbia, the
40 commonwealth of Puerto Rico or a United States military installation that
41 is located in a foreign country.

42 (24) "Passive investor" means a person that:

43 (A) Does not have the power to elect a majority of key individuals or

1 executive officers, managers, directors, trustees or other persons exercising
2 managerial authority of a person in control of a licensee;

3 (B) is not employed by and does not have any managerial duties of
4 the licensee or person in control of a licensee; or

5 (C) does not have the power to exercise, directly or indirectly, a
6 controlling influence over the management or policies of a licensee or
7 person in control of a licensee; and

8 (D) (i) either attests to subparagraphs (A), (B) and (C) in a form and
9 in a manner prescribed by the commissioner; or

10 (ii) commits to the passivity characteristics of subparagraphs (A), (B)
11 and (C) in a written document.

12 (25) (A) "Payment instrument" means a written or electronic check,
13 draft, money order, traveler's check or other written or electronic
14 instrument for the transmission or payment of money or monetary value,
15 regardless of negotiability.

16 (B) "Payment instrument" does not include stored value or any
17 instrument that is:

18 (i) Redeemable by the issuer only for goods or services provided by
19 the issuer or the issuer's affiliate or franchisees of the issuer or the
20 franchisees' affiliate, except to the extent required by applicable law to be
21 redeemable in cash for its cash value; or

22 (ii) not sold to the public but issued and distributed as part of a
23 loyalty, rewards or promotional program.

24 (26) "Payroll processing services" means the receipt of money for
25 transmission pursuant to a contract with a person to deliver wages or
26 salaries, make payment of payroll taxes to state and federal agencies, make
27 payments relating to employee benefit plans or make distributions of other
28 authorized deductions from wages or salaries. "Payroll processing
29 services" does not include an employer performing payroll processing
30 services on the employer's own behalf or on behalf of an affiliate.

31 (27) "Person" means any individual, general partnership, limited
32 partnership, limited liability company, corporation, trust, association, joint
33 stock corporation or other corporate entity identified or recognized by the
34 commissioner.

35 (28) "Receiving money for transmission" or "money received for
36 transmission" means the receipt of money or monetary value in the United
37 States for transmission within or outside the United States by electronic or
38 other means.

39 (29) "Stored value" means monetary value representing a claim
40 against the issuer evidenced by an electronic or digital record and that is
41 intended and accepted for use as a means of redemption for money or
42 monetary value or payment for goods or services. "Stored value" includes,
43 but is not limited to, prepaid access as defined by 31 C.F.R. § 1010.100.

1 "Stored value" does not include a payment instrument or closed loop
2 stored value or stored value not sold to the public but issued and
3 distributed as part of a loyalty, rewards or promotional program.

4 (30) "Tangible net worth" means the aggregate assets of a licensee
5 excluding all intangible assets, less liabilities, as determined in accordance
6 with United States generally accepted accounting principles.

7 ~~(e) This section shall take effect on and after January 1,~~
8 ~~2025~~(31) *"Three-party exchange" means a transaction in which a party*
9 *acts as an intermediary and facilitates the exchange of virtual currency*
10 *between a buyer and a seller for a fee or gain.*

11 (32) *"Two-party exchange" means a transaction in which one party*
12 *holds inventory of virtual currency or money and conducts a purchase or*
13 *sale transaction for a fee or gain with a person located in Kansas using*
14 *such party's inventory.*

15 Sec. 9. K.S.A. 2025 Supp. 9-556 is hereby amended to read as
16 follows: 9-556. (a) This act does not apply to:

17 (1) An operator of a payment system to the extent that such operator
18 provides processing, clearing or settlement services between persons
19 exempted under this subsection or licensees in connection with wire
20 transfers, credit card transactions, debit card transactions, stored value
21 transactions, automated clearing house transfers or similar funds transfers.

22 (2) A person appointed as an agent of a payee to collect and process a
23 payment from a payor to the payee for goods or services other than money
24 transmission provided to the payor by the payee if:

25 (A) A written agreement exists between the payee and the agent
26 directing the agent to collect and process payments from payors on the
27 payee's behalf;

28 (B) the payee holds the agent out to the public as accepting payments
29 for goods or services on the payee's behalf; and

30 (C) payment for the goods and services is treated as received by the
31 payee upon receipt by the agent so that the payor's obligation is
32 extinguished and there is no risk of loss to the payor if the agent fails to
33 remit the funds to the payee.

34 (3) A person that acts as an intermediary by processing payments
35 between an entity that has directly incurred an outstanding money
36 transmission obligation to a sender and the sender's designated recipient, if
37 the entity:

38 (A) Is properly licensed or exempt from licensing requirements under
39 this act;

40 (B) provides a receipt, electronic record or other written confirmation
41 to the sender identifying the entity as the provider of money transmission
42 in the transaction; and

43 (C) bears sole responsibility to satisfy the outstanding money

1 transmission obligation to the sender, including the obligation to make the
2 sender whole in connection with any failure to transmit the funds to the
3 sender's designated recipient.

4 (4) The United States government and any agency, bureau,
5 department, office or instrumentality, corporate or otherwise, thereof,
6 including any official, employee or agent of any such entity.

7 (5) Money transmission by the United States postal service or by an
8 agent of the United States postal service.

9 (6) Any state office or officer, department, board, commission,
10 bureau, division, authority, agency or institution of this state, including any
11 political subdivision thereof, and any county, city or other municipality.

12 (7) A federally insured depository financial institution, bank holding
13 company, office of an international banking corporation, foreign bank that
14 establishes a federal branch pursuant to 12 U.S.C. § 3102, a corporation
15 organized pursuant to 12 U.S.C. §§ 1861 through 1867 or a corporation
16 organized under 12 U.S.C. §§ 611 through 633.

17 (8) Electronic funds transfer of governmental benefits for a federal,
18 state, county or governmental agency by a contractor on behalf of the
19 United States or a department, agency or instrumentality thereof or on
20 behalf of a state or governmental subdivision, agency or instrumentality
21 thereof.

22 (9) A board of trade designated as a contract market under 7 U.S.C.
23 §§ 1 through 25 or a person that in the ordinary course of business
24 provides clearance and settlement services for a board of trade to the
25 extent of the board of trade's operation as or for such a board.

26 (10) A futures commission merchant registered under federal
27 commodities law to the extent of the registrant's operation as such a
28 futures commission merchant.

29 (11) A person registered as a securities broker-dealer under federal or
30 state securities law to the extent of such registrant's operation as such a
31 securities broker-dealer.

32 (12) An individual employed by a licensee, authorized delegate or
33 any person exempted from the licensing requirements of the act when
34 acting within the scope of employment and under the supervision of the
35 licensee, authorized delegate or exempted person as an employee and not
36 as an independent contractor.

37 (13) A person expressly appointed as a third-party service provider to
38 or agent of an entity exempt under paragraph (a)(~~6~~)(7) solely to the extent
39 that:

40 (A) Such service provider or agent is engaging in money transmission
41 on behalf of and pursuant to a written agreement with the exempt entity
42 that sets forth the specific functions that the service provider or agent is to
43 perform; and

1 (B) the exempt entity assumes all risk of loss and all legal
2 responsibility for satisfying the outstanding money transmission
3 obligations owed to purchasers and holders of the outstanding money
4 transmission obligations upon receipt of the purchaser's or holder's money
5 or monetary value by the service provider or agent.

6 (14) A person engaging in the practice of law, bookkeeping,
7 accounting, real estate sales or brokerage.

8 (15) A person appointed as an agent of a payor for purposes of
9 providing payroll processing services for which such agent would
10 otherwise need to be licensed if:

11 (A) There is a written agreement between the payor and the agent that
12 directs the agent to provide payroll processing services on the payor's
13 behalf;

14 (B) the payor holds the agent out to employees and other payees as
15 providing payroll processing services on the payor's behalf; and

16 (C) the payor's obligation to a payee, including an employee or any
17 other party entitled to receive funds via the payroll processing services
18 provided by the agent, is not extinguished if such agent fails to remit such
19 funds to the payee.

20 (16) A person exempt by any rules or regulations adopted or by an
21 order issued if the commissioner finds such exemption to be in the public
22 interest and that the regulation of such person is not necessary for the
23 purposes of this act.

24 (b) The commissioner may require that any person claiming to be
25 exempt from licensing pursuant to this section provide information and
26 documentation to the commissioner demonstrating that such person
27 qualifies for any claimed exemption.

28 ~~(c) This section shall take effect on and after January 1, 2025.~~

29 Sec. 10. K.S.A. 2025 Supp. 9-558 is hereby amended to read as
30 follows: 9-558. (a) (1) Except as otherwise provided in subsection (b), all
31 information or reports obtained by the commissioner from an applicant,
32 licensee or authorized delegate and all information contained in or related
33 to an examination, investigation, operating report or condition report
34 prepared by, on behalf of or for the use of the commissioner or financial
35 statements, balance sheets or authorized delegate information, are
36 confidential and are not subject to disclosure under the Kansas open
37 records act, K.S.A. 45-215 et seq., and amendments thereto.

38 (2) The provisions of this subsection providing for the confidentiality
39 of public records shall expire on July 1, 2030, unless the legislature
40 reviews and reenacts such provisions in accordance with K.S.A. 45-229,
41 and amendments thereto, prior to July 1, 2030.

42 (b) The commissioner may disclose information not otherwise subject
43 to disclosure under subsection (a) to representatives of state or federal

1 agencies who promise in a record that such representatives will maintain
2 the confidentiality of the information or where the commissioner finds that
3 the release is reasonably necessary for the protection and interest of the
4 public in accordance with the Kansas open records act.

5 (c) The following information contained in the records of the office
6 of the state bank commissioner that is not confidential and may be made
7 available to the public:

8 (1) The name, business address, telephone number and unique
9 identifier of a licensee;

10 (2) the business address of a licensee's registered agent for service;

11 (3) the name, business address and telephone number of all
12 authorized delegates;

13 (4) the terms of or a copy of any bond filed by a licensee, provided
14 that confidential information, including, but not limited to, prices and fees
15 for such bond is redacted; ~~or~~

16 (5) copies of any orders of the office of the state bank commissioner
17 relating to any violation of this act or regulations implementing this act; *or*

18 (6) *copies of a virtual currency kiosk operator's location report.*

19 (d) This section shall not be construed to prohibit the commissioner
20 from disclosing to the public a list of all licensees or the aggregated
21 financial or transactional data concerning those licensees.

22 ~~(e) This section shall take effect on and after January 1, 2025.~~

23 Sec. 11. K.S.A. 2025 Supp. 9-572 is hereby amended to read as
24 follows: 9-572. (a) A licensee adding or replacing a key individual shall
25 provide:

26 (1) Notice in the manner prescribed by the commissioner within 15
27 days after the effective date of the appointment of the new key individual;
28 and

29 (2) information as required by K.S.A. 2025 Supp. ~~9-564~~ 9-565, and
30 amendments thereto, within 45 days of the effective date of the
31 appointment of the new key individual.

32 (b) Within 90 days of the date on which the notice provided pursuant
33 to subsection (a) was determined to be complete, the commissioner may
34 issue a notice of disapproval of a key individual if the competence,
35 experience, character or integrity of the individual would not be in the best
36 interests of the public or the customers of the licensee to permit the
37 individual to be a key individual of such licensee.

38 (c) A notice of disapproval shall state the basis for disapproval and
39 shall be sent to the licensee and the disapproved individual. A licensee may
40 appeal a notice of disapproval pursuant to the Kansas administrative
41 procedure act, K.S.A. 77-501 et seq., and amendments thereto, within 14
42 days.

43 (d) If the notice provided pursuant to subsection (a) is not

1 disapproved within 90 days after the date when the notice was determined
2 to be complete, the key individual shall be deemed approved.

3 (e) If a multistate licensing process includes a key individual notice
4 review and disapproval process pursuant to this section and the licensee
5 avails itself or is otherwise subject to the multistate licensing process:

6 (1) The commissioner is hereby authorized to accept the
7 determination of another state if the investigating state has sufficient
8 staffing, expertise and minimum standards for the purpose of this section;
9 or

10 (2) if Kansas is a lead investigative state, the commissioner is
11 authorized to investigate the applicant pursuant to subsection (b) and the
12 timeframes established by agreement through the multistate licensing
13 process.

14 ~~(f) This section shall take effect on and after January 1, 2025.~~

15 Sec. 12. K.S.A. 2025 Supp. 9-589 is hereby amended to read as
16 follows: 9-589. (a) The following investments are permissible under this
17 section:

18 (1) Cash, including demand deposits, savings deposits and funds in
19 accounts held for the benefit of the licensee's customers in a federally
20 insured depository financial institution and cash equivalents including
21 automated clearing house items in transit to the licensee and automated
22 clearing house items or international wires in transit to a payee, cash in
23 transit via armored car, cash in smart safes, cash in licensee-owned
24 locations, debit card or credit card-funded transmission receivables owed
25 by any bank or money market mutual funds rated AAA by Standard &
26 Poor or the equivalent from any eligible rating service;

27 (2) certificates of deposit or senior debt obligations of a federally
28 insured depository institution;

29 (3) an obligation of the United States or a commission, agency or
30 instrumentality thereof, an obligation that is guaranteed fully as to
31 principal and interest by the United States or an obligation of a state or a
32 governmental subdivision, agency or instrumentality thereof;

33 (4) (A) the full drawable amount of an irrevocable standby letter of
34 credit for which the stated beneficiary is the commissioner that stipulates
35 that the beneficiary need only draw a sight draft under the letter of credit
36 and present it to obtain funds up to the letter of credit amount within seven
37 days of presentation of the items required by subparagraph (D);

38 (B) the letter of credit shall:

39 (i) Be issued by a federally insured depository financial institution, a
40 foreign bank that is authorized under federal law to maintain a federal
41 agency or federal branch office in a state or states or a foreign bank that is
42 authorized under state law to maintain a branch in a state that:

43 (a) Bears an eligible rating or whose parent company bears an eligible

1 rating; and

2 (b) is regulated, supervised and examined by United States federal or
3 state authorities having regulatory authority over banks, credit unions and
4 trust companies;

5 (ii) be irrevocable, unconditional and indicate that such letter of credit
6 is not subject to any condition or qualifications outside of such letter of
7 credit;

8 (iii) contain no references to any other agreements, documents or
9 entities or otherwise provide for a security interest in the licensee; and

10 (iv) contain an issue date and expiration date and expressly provide
11 for automatic extension, without a written amendment, for an additional
12 period of one year from the present or each future expiration date unless
13 the issuer of the letter of credit notifies the commissioner in writing by
14 certified or registered mail or courier mail or other receipted means at least
15 60 days prior to any expiration date, that the irrevocable letter of credit
16 will not be extended;

17 (C) if any notice of expiration or non-extension of a letter of credit is
18 issued under clause (a)(4)(B)(iv), the licensee shall be required to
19 demonstrate to the satisfaction of the commissioner, 15 days prior to
20 expiration, that the licensee maintains and shall maintain permissible
21 investments in accordance with K.S.A. 2025 Supp. ~~9-590(a)~~ 9-588(a), and
22 amendments thereto, upon the expiration of the letter of credit. If the
23 licensee is not able to do so, the commissioner may draw on the letter of
24 credit in an amount up to the amount necessary to meet the licensee's
25 requirements to maintain permissible investments in accordance with
26 K.S.A. 2025 Supp. 9-588(a), and amendments thereto. Any such draw
27 shall be offset against the licensee's outstanding money transmission
28 obligations. The drawn funds shall be held in trust by the commissioner or
29 the commissioner's designated agent, to the extent authorized by law, as
30 agent for the benefit of the purchasers and holders of the licensee's
31 outstanding money transmission obligations;

32 (D) the letter of credit shall provide that the issuer of such letter of
33 credit shall honor, at sight, a presentation made of the following
34 documents by the beneficiary to the issuer on or prior to the expiration
35 date of the letter of credit:

36 (i) The original letter of credit, including any amendments; and

37 (ii) a written statement from the beneficiary stating that any of the
38 following events have occurred:

39 (a) The filing of a bankruptcy or reorganization petition by or against
40 the licensee;

41 (b) the filing of a petition by or against the licensee for receivership
42 or the commencement of any other judicial or administrative proceeding
43 for such licensee's dissolution or reorganization;

1 (c) the seizure of assets of a licensee by a commissioner pursuant to
2 an emergency order issued in accordance with applicable law, on the basis
3 of an action, violation or condition that has caused or is likely to cause the
4 insolvency of the licensee; or

5 (d) the beneficiary has received notice of expiration or non-extension
6 of a letter of credit and the licensee failed to demonstrate to the satisfaction
7 of the beneficiary that the licensee will maintain permissible investments
8 in accordance with K.S.A. 2025 Supp. ~~9-590(a)~~ 9-588(a), and amendments
9 thereto, upon the expiration or non-extension of the letter of credit;

10 (E) the commissioner may designate an agent to serve on the
11 commissioner's behalf as beneficiary to a letter of credit if the agent and
12 letter of credit meet requirements established by the commissioner. The
13 commissioner's agent may serve as agent for multiple licensing authorities
14 for a single irrevocable letter of credit if the proceeds of the drawable
15 amount for the purposes of subsection (a)(4) are assigned to the
16 commissioner; and

17 (F) the commissioner is hereby authorized to participate in multistate
18 processes designed to facilitate the issuance and administration of letters
19 of credit, including, but not limited to, services provided by the nationwide
20 multistate licensing system and registry and state regulatory registry, LLC;
21 and

22 (5) 100% of the surety bond provided for under K.S.A. 2025 Supp. 9-
23 587, and amendments thereto, that exceeds the average daily money
24 transmission liability in Kansas.

25 (b) (1) Unless permitted by the commissioner by rules and
26 regulations adopted or by order issued to exceed the limit as set forth
27 herein, the following investments are permissible under K.S.A. 2025 Supp.
28 9-589, and amendments thereto, to the extent specified:

29 (A) Receivables payable to a licensee from the licensee's authorized
30 delegates in the ordinary course of business that are less than seven days
31 old up to 50% of the aggregate value of the licensee's total permissible
32 investments; and

33 (B) of the receivables permissible under subparagraph (A),
34 receivables payable to a licensee from a single authorized delegate in the
35 ordinary course of business may not exceed 10% of the aggregate value of
36 the licensee's total permissible investments.

37 (2) The following investments are permissible up to 20% per
38 category and up to 50% combined of the aggregate value of the licensee's
39 total permissible investments:

40 (A) A short-term investment of up to six months, bearing an eligible
41 rating;

42 (B) commercial paper bearing an eligible rating;

43 (C) a bill, note, bond or debenture bearing an eligible rating;

1 (D) United States tri-party repurchase agreements collateralized at
2 100% or more with United States government or agency securities,
3 municipal bonds or other securities bearing an eligible rating;

4 (E) money market mutual funds rated less than AAA and equal to or
5 higher than A- by Standard & Poor or the equivalent from any other
6 eligible rating service; and

7 (F) a mutual fund or other investment fund composed solely and
8 exclusively of one or more permissible investments listed in subsection (a)
9 (1) through (3).

10 (3) Cash, including demand deposits, savings deposits and funds in
11 such accounts held for the benefit of the licensee's customers, at foreign
12 depository institutions are permissible up to 10% of the aggregate value of
13 the licensee's total permissible investments if the licensee has received a
14 satisfactory rating in the licensee's most recent examination and the
15 foreign depository institution:

16 (A) Has an eligible rating;

17 (B) is registered under the foreign account tax compliance act;

18 (C) is not located in any country subject to sanctions from the office
19 of foreign asset control; and

20 (D) is not located in a high-risk or non-cooperative jurisdiction as
21 designated by the financial action task force.

22 ~~(e) This section shall take effect on and after January 1, 2025.~~

23 Sec. 13. K.S.A. 2025 Supp. 9-555, 9-556, 9-558, 9-572 and 9-589 are
24 hereby repealed.

25 Sec. 14. This act shall take effect and be in force from and after its
26 publication in the statute book.