SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3868

(SENATE AUTHORS: HEMMINGSEN-JAEGER, McEwen, Boldon and Klein)

DATE	D-PG	OFFICIAL STATUS
02/26/2026	6397	Introduction and first reading Referred to Commerce and Consumer Protection

A bill for an act

relating to commerce; prohibiting virtual currency kiosks; amending Minnesota Statutes 2024, section 53B.69, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 53B; repealing Minnesota Statutes 2024, sections 53B.69, subdivisions 1, 2, 3, 3a, 3b, 3c, 4, 5, 6a, 7, 8, 9, 11, 12, 13; 53B.70; 53B.71; 53B.72; 53B.73; 53B.74; 53B.75.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2024, section 53B.69, is amended by adding a subdivision to read:

Subd. 1a. **Terms.** For purposes of section 53B.691, the following terms apply.

Sec. 2. **[53B.691] PROHIBITION OF VIRTUAL CURRENCY KIOSKS.**

A person is prohibited from placing or operating a virtual currency kiosk in Minnesota.

Sec. 3. **REPEALER.**

Minnesota Statutes 2024, sections 53B.69, subdivisions 1, 2, 3, 3a, 3b, 3c, 4, 5, 6a, 7, 8, 9, 11, 12, and 13; 53B.70; 53B.71; 53B.72; 53B.73; 53B.74; and 53B.75, are repealed.

53B.69 DEFINITIONS.

Subdivision 1. **Terms.** For purposes of sections 53B.70 to 53B.74, the following terms have the meanings given them.

Subd. 2. **Control of virtual currency.** "Control of virtual currency," when used in reference to a transaction or relationship involving virtual currency, means the power to execute unilaterally or prevent indefinitely a virtual currency transaction.

Subd. 3. **Exchange.** "Exchange," used as a verb, means to assume control of virtual currency from or on behalf of a person, at least momentarily, to sell, trade, or convert:

(1) virtual currency for money, bank credit, or one or more forms of virtual currency; or

(2) money or bank credit for one or more forms of virtual currency.

Subd. 3a. **Transaction hash.** "Transaction hash" means a unique identifier made up of a string of characters that act as a record of and provide proof that the transaction was verified and added to the blockchain.

Subd. 3b. **New customer.** "New customer" means a consumer transacting at a kiosk in Minnesota who has been a customer with a virtual currency kiosk operator for less than 72 hours. After a 72-hour period has elapsed from the day of first signing up as a customer with a virtual currency kiosk operator, the customer will be considered an existing customer and no longer subject to the new customer transaction limit described in section 53B.75, subdivision 5, paragraph (a).

Subd. 3c. **Existing customer.** "Existing customer" means a consumer transacting at a kiosk in Minnesota who has been a customer with a virtual currency kiosk operator for more than a 72-hour period. A new customer will automatically convert to an existing customer after the 72-hour period of first becoming a new customer. An existing customer is subject to the transaction limits described in section 53B.75, subdivision 5, paragraph (b).

Subd. 4. **Transfer.** "Transfer" means to assume control of virtual currency from or on behalf of a person and to:

(1) credit the virtual currency to the account of another person;

(2) move the virtual currency from one account of a person to another account of the same person; or

(3) relinquish control of virtual currency to another person.

Subd. 5. **United States dollar equivalent of virtual currency.** "United States dollar equivalent of virtual currency" means the equivalent value of a particular virtual currency in United States dollars shown on a virtual-currency exchange based in the United States for a particular date or period specified in this chapter.

Subd. 6a. **Virtual currency address.** "Virtual currency address" means an alphanumeric identifier representing a destination for a virtual currency transfer that is associated with a virtual currency wallet.

Subd. 7. **Virtual-currency administration.** "Virtual-currency administration" means issuing virtual currency with the authority to redeem the currency for money, bank credit, or other virtual currency.

Subd. 8. **Virtual-currency business activity.** "Virtual-currency business activity" means:

(1) exchanging, transferring, or storing virtual currency or engaging in virtual-currency administration, whether directly or through an agreement with a virtual-currency control-services vendor;

(2) holding electronic precious metals or electronic certificates representing interests in precious metals on behalf of another person or issuing shares or electronic certificates representing interests in precious metals; or

(3) exchanging one or more digital representations of value used within one or more online games, game platforms, or family of games for:

(i) virtual currency offered by or on behalf of the same publisher from which the original digital representation of value was received; or

(ii) money or bank credit outside the online game, game platform, or family of games offered by or on behalf of the same publisher from which the original digital representation of value was received.

Subd. 9. **Virtual-currency control-services vendor.** "Virtual-currency control-services vendor" means a person that has control of virtual currency solely under an agreement with a person that, on behalf of another person, assumes control of virtual currency.

Subd. 11. **Virtual currency kiosk operator.** "Virtual currency kiosk operator" means a licensee that operates a virtual currency kiosk within Minnesota.

Subd. 12. **Virtual currency kiosk transaction.** "Virtual currency kiosk transaction" means a transaction conducted or performed, in whole or in part, by electronic means via a virtual currency kiosk. Virtual currency kiosk transaction also means a transaction made at a virtual currency kiosk to purchase currency with fiat currency or to sell virtual currency for fiat currency.

Subd. 13. **Virtual currency wallet.** "Virtual currency wallet" means a software application or other mechanism providing a means to hold, store, or transfer virtual currency.

53B.70 SCOPE.

(a) Sections 53B.71 to 53B.74 do not apply to the exchange, transfer, or storage of virtual currency or to virtual-currency administration to the extent the Electronic Fund Transfer Act of 1978, United States Code, title 15, sections 1693 to 1693r, as amended or recodified from time to time; the Securities Exchange Act of 1934, United States Code, title 15, sections 78a to 78oo, as amended or recodified from time to time; the Commodities Exchange Act of 1936, United States Code, title 7, sections 1 to 27f, as amended or recodified from time to time; or chapter 80A govern the activity.

(b) Sections 53B.71 to 53B.74 do not apply to activity by:

(1) a person that:

(i) contributes only connectivity software or computing power to a decentralized virtual currency, or to a protocol governing transfer of the digital representation of value;

(ii) provides only data storage or security services for a business engaged in virtual-currency business activity and does not otherwise engage in virtual-currency business activity on behalf of another person; or

(iii) provides only to a person otherwise exempt from this chapter virtual currency as one or more enterprise solutions used solely among each other and has no agreement or relationship with a person that is an end-user of virtual currency;

(2) a person using virtual currency, including creating, investing, buying or selling, or obtaining virtual currency as payment for the purchase or sale of goods or services, solely:

(i) on the person's own behalf;

(ii) for personal, family, or household purposes; or

(iii) for academic purposes;

(3) a person whose virtual-currency business activity with or on behalf of persons is reasonably expected to be valued, in the aggregate, on an annual basis at $5,000 or less, measured by the United States dollar equivalent of virtual currency;

(4) an attorney to the extent of providing escrow services to a person;

(5) a title insurance company to the extent of providing escrow services to a person; or

(6) a securities intermediary, as defined under section 336.8-102 (14), or a commodity intermediary, as defined under section 336.9-102 (17), that:

(i) does not engage in the ordinary course of business in virtual-currency business activity with or on behalf of a person in addition to maintaining securities accounts or commodities accounts and is regulated as a securities intermediary or commodity intermediary under federal law, law of Minnesota other than this chapter, or law of another state; and

(ii) affords a person protections comparable to those set forth under section 53B.37.

(c) Sections 53B.71 to 53B.74 do not apply to a secured creditor, as defined under sections 336.9-101 to 336.9-809 or to a creditor with a judicial lien or lien arising by operation of law on collateral that is virtual currency, if the virtual-currency business activity of the creditor is limited to enforcement of the security interest in compliance with sections 336.9-101 to 336.9-809 or lien in compliance with the law applicable to the lien.

(d) Sections 53B.71 to 53B.74 do not apply to a virtual-currency control-services vendor.

(e) Sections 53B.71 to 53B.74 do not apply to a person that:

(1) does not receive compensation from a person to:

(i) provide virtual-currency products or services; or

(ii) conduct virtual-currency business activity; or

(2) is engaged in testing products or services with the person's own money.

(f) The commissioner may determine that a person or class of persons, given facts particular to the person or class, should be exempt from this chapter, whether the person or class is covered by requirements imposed under federal law on a money-service business.

53B.71 VIRTUAL CURRENCY BUSINESS ACTIVITY; CONDITIONS PRECEDENT.

(a) A person may not engage in virtual-currency business activity, or hold itself out as being able to engage in virtual-currency business activity, with or on behalf of another person unless the person is:

(1) licensed in Minnesota by the commissioner under section 53B.40; or

(2) exempt from licensing under section 53B.29.

(b) A person that is licensed to engage in virtual-currency business activity is engaged in the business of money transmission and is subject to the requirements of this chapter.

53B.72 REQUIRED DISCLOSURES.

(a) A licensee that engages in virtual currency business activity must provide to a person who uses the licensee's products or services the disclosures required by paragraph (b) and any additional disclosure the commissioner by administrative rule determines reasonably necessary to protect persons. The commissioner must determine by administrative rule the time and form required for disclosure. A disclosure required by this section must be made separately from any other information provided by the licensee and in a clear and conspicuous manner in a record the person may keep. A licensee may propose for the commissioner's approval alternate disclosures as more appropriate for the licensee's virtual-currency business activity with or on behalf of persons.

(b) Before establishing a relationship with a person, a licensee must disclose, to the extent applicable to the virtual-currency business activity the licensee undertakes with the person:

(1) a schedule of fees and charges the licensee may assess, the manner by which fees and charges are calculated if the fees and charges are not set in advance and disclosed, and the timing of the fees and charges;

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

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

(A) up to the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee as of the date of the placement or purchase, including the maximum amount provided by insurance under the Federal Deposit Insurance Corporation or otherwise available from the Securities Investor Protection Corporation; or

(B) if not provided at the full United States dollar equivalent of virtual currency purchased from the licensee or for control of virtual currency by the licensee, the maximum amount of coverage for each person expressed in the United States dollar equivalent of the virtual currency; or

(ii) private insurance against theft or loss, including cyber theft or theft by other means;

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

(4) a description of:

(i) liability for an unauthorized, mistaken, or accidental transfer or exchange;

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

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

(iv) general error-resolution rights applicable to the transfer or exchange; and

(v) the method for the person to update the person's contact information with the licensee;

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

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

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

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

(9) that virtual currency is not money.

(c) Except as otherwise provided in paragraph (d), at the conclusion of a virtual currency transaction with or on behalf of a person, a licensee must provide the person a confirmation in a record. The record must contain:

(1) the name and contact information of the licensee, including information the person may need to ask a question or file a complaint;

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

(3) the fee charged for the transaction, including any charge for conversion of virtual currency to money, bank credit, or other virtual currency.

(d) If a licensee discloses that it provides a daily confirmation in the initial disclosure under paragraph (c), the licensee may elect to provide a single, daily confirmation for all transactions with or on behalf of a person on that day instead of a per-transaction confirmation.

53B.73 PROPERTY INTERESTS AND ENTITLEMENTS TO VIRTUAL CURRENCY.

(a) A licensee that has control of virtual currency for one or more persons must maintain control of virtual currency in each type of virtual currency sufficient to satisfy the aggregate entitlements of the persons to the type of virtual currency.

(b) If a licensee violates paragraph (a), the property interests of the persons in the virtual currency are pro rata property interests in the type of virtual currency to which the persons are entitled, without regard to the time the persons became entitled to the virtual currency or the licensee obtained control of the virtual currency.

(c) The virtual currency referred to in this section is:

(1) held for the persons entitled to the virtual currency;

(2) not property of the licensee;

(3) not subject to the claims of creditors of the licensee; and

(4) a permissible investment under this chapter.

53B.74 VIRTUAL CURRENCY BUSINESS ACTIVITIES; ADDITIONAL REQUIREMENTS.

(a) A licensee engaged in virtual currency business activities may include virtual currency in the licensee's calculation of tangible net worth, by measuring the average value of the virtual currency in United States dollar equivalent over the prior six months, excluding control of virtual currency for a person entitled to the protections under section 53B.73.

(b) A licensee must maintain, for all virtual-currency business activity with or on behalf of a person five years after the date of the activity, a record of:

(1) each of the licensee's transactions with or on behalf of the person, or for the licensee's account in Minnesota, including:

(i) the identity of the person;

(ii) the form of the transaction;

(iii) the amount, date, and payment instructions given by the person; and

(iv) the account number, name, and United States Postal Service address of the person, and, to the extent feasible, other parties to the transaction;

(2) the aggregate number of transactions and aggregate value of transactions by the licensee with or on behalf of the person and for the licensee's account in this state, expressed in the United States dollar equivalent of the virtual currency for the previous 12 calendar months;

(3) each transaction in which the licensee exchanges one form of virtual currency for money or another form of virtual currency with or on behalf of the person;

(4) a general ledger posted at least monthly that lists all of the licensee's assets, liabilities, capital, income, and expenses;

(5) each business-call report the licensee is required to create or provide to the department or NMLS;

(6) bank statements and bank reconciliation records for the licensee and the name, account number, and United States Postal Service address of each bank the licensee uses to conduct virtual-currency business activity with or on behalf of the person;

(7) a report of any dispute with the person; and

(8) a report of any virtual-currency business activity transaction with or on behalf of a person which the licensee was unable to complete.

(c) A licensee must maintain records required by paragraph (b) in a form that enables the commissioner to determine whether the licensee is in compliance with this chapter, any court order, and law of Minnesota other than this chapter.

53B.75 VIRTUAL CURRENCY KIOSKS.

Subdivision 1. **Disclosures on material risks.** (a) Before entering into an initial virtual currency transaction for, on behalf of, or with a person, the virtual currency kiosk operator must disclose in a clear, conspicuous, and easily readable manner all material risks generally associated with virtual currency. The disclosures must be displayed on the screen of the virtual currency kiosk with the ability for a person to acknowledge the receipt of the disclosures. The disclosures must include at least the following information:

(1) virtual currency is not legal tender, backed or insured by the government, and accounts and value balances are not subject to Federal Deposit Insurance Corporation, National Credit Union Administration, or Securities Investor Protection Corporation protections;

(2) some virtual currency transactions are deemed to be made when recorded on a public ledger, which may not be the date or time when the person initiates the transaction;

(3) virtual currency's value may be derived from market participants' continued willingness to exchange fiat currency for virtual currency, which may result in the permanent and total loss of a particular virtual currency's value if the market for virtual currency disappears;

(4) a person who accepts a virtual currency as payment today is not required to accept and might not accept virtual currency in the future;

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

(6) the nature of virtual currency means that any technological difficulties experienced by virtual currency kiosk operators may prevent access to or use of a person's virtual currency; and

(7) any bond maintained by the virtual currency kiosk operator for the benefit of a person may not cover all losses a person incurs.

(b) The virtual currency kiosk operator must provide an additional disclosure, which must be acknowledged by the person, written prominently and in bold type, and provided separately from

the disclosures above, stating: "WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS ARE NOT RECOVERABLE AND TRANSACTIONS IN VIRTUAL CURRENCY ARE IRREVERSIBLE. VIRTUAL CURRENCY TRANSACTIONS MAY BE USED BY SCAMMERS IMPERSONATING LOVED ONES, THREATENING JAIL TIME, AND INSISTING YOU WITHDRAW MONEY FROM YOUR BANK ACCOUNT TO PURCHASE VIRTUAL CURRENCY."

Subd. 2. **Disclosures.** (a) A virtual currency kiosk operator must disclose all relevant terms and conditions generally associated with the products, services, and activities of the virtual currency kiosk operator and virtual currency. A virtual currency kiosk operator must make the disclosures in a clear, conspicuous, and easily readable manner. The disclosures under this subdivision must address at least the following:

(1) the person's liability for unauthorized virtual currency transactions;

(2) the person's right to:

(i) stop payment of a virtual currency transfer and the procedure to stop payment;

(ii) receive a receipt, trade ticket, or other evidence of a transaction at the time of the transaction; and

(iii) prior notice of a change in the virtual currency kiosk operator's rules or policies;

(3) under what circumstances the virtual currency kiosk operator, without a court or government order, discloses a person's account information to third parties; and

(4) other disclosures that are customarily provided in connection with opening a person's account.

(b) Before each virtual currency transaction for, on behalf of, or with a person, a virtual currency kiosk operator must disclose the transaction's terms and conditions in a clear, conspicuous, and easily readable manner. The disclosures under this subdivision must address at least the following:

(1) the amount of the transaction;

(2) any fees, expenses, and charges, including applicable exchange rates;

(3) the type and nature of the transaction;

(4) a warning that once completed, the transaction may not be reversed;

(5) a daily virtual currency transaction limit of no more than $2,000;

(6) the difference in the virtual currency's sale price compared to the current market price; and

(7) other disclosures that are customarily given in connection with a virtual currency transaction.

Subd. 3. **Acknowledgment of disclosures.** Before completing a transaction, a virtual currency kiosk operator must ensure that each person who engages in a virtual currency transaction using the virtual currency operator's kiosk acknowledges receipt of all disclosures required under this section via confirmation of consent. Additionally, upon a transaction's completion, the virtual currency kiosk operator must provide a person with a physical receipt, or a virtual receipt sent to the person's email address or SMS number, containing the following information:

(1) the virtual currency kiosk operator's name and contact information, including a telephone number to answer questions and register complaints;

(2) the type, value, date, and precise time of the transaction, transaction hash, and each virtual currency address;

(3) the fees charged;

(4) the exchange rate;

(5) a statement of the virtual currency kiosk operator's liability for nondelivery or delayed delivery;

(6) a statement of the virtual currency kiosk operator's refund policy; and

(7) any additional information the commissioner of commerce may require.

Subd. 4. **Refunds for new customers.** A virtual currency kiosk operator must issue a refund to a new customer for the full amount of all transactions made within the 72-hour new customer

time period, as described in section 53B.69, subdivision 3b, upon request of the customer. In order to receive a refund under this subdivision, a customer must:

(1) have been fraudulently induced to engage in the virtual currency transactions; and

(2) within 14 days of the last transaction to occur during the 72-hour new customer time period, contact the virtual currency kiosk operator and a government or law enforcement agency to inform them of the fraudulent nature of the transaction.

Subd. 5. **Transaction limits.** (a) There is an established maximum daily transaction limit of $2,000 for each new customer of a virtual currency kiosk.

(b) The maximum daily transaction limit of an existing customer shall be decided by each virtual currency kiosk operator in compliance with federal law.