

HOUSE BILL NO. 5469

January 22, 2026, Introduced by Reps. Aragona and McFall and referred to Committee on Regulatory Reform.

A bill to regulate virtual currency kiosk operators; to require certain disclosures by virtual currency kiosk operators; to provide for the powers and duties of certain state and local governmental officers and entities; and to prescribe civil sanctions.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "virtual currency kiosk
2 consumer protection act".

3 Sec. 3. As used in this act:

4 (a) "Blockchain" means a distributed digital ledger or

1 database that is chronological, consensus-based, decentralized, and
2 mathematically verified in nature.

3 (b) "Blockchain analytics" means a software service that uses
4 data from various virtual currencies and applicable blockchains to
5 provide a risk rating specific to a virtual wallet address from a
6 user of a virtual currency kiosk.

7 (c) "Department" means the department of insurance and
8 financial services.

9 (d) "Federal deposit insurance corporation or securities
10 investor protection corporation" means a bank, credit union,
11 savings and loan association, trust company, savings association,
12 savings bank, industrial bank, or industrial loan company organized
13 under the laws of the United States or any state of the United
14 States, if the bank, credit union, savings and loan association,
15 trust company, savings association, savings bank, industrial bank,
16 or industrial loan company has federally insured deposits.

17 (e) "Fiat currency" means a medium of exchange that is
18 authorized or adopted by the United States government as part of
19 the government's currency and is not backed by a commodity.

20 (f) "NMLS" means the Nationwide Multistate Licensing System
21 and Registry developed by the Conference of State Bank Supervisors
22 and the American Association of Residential Mortgage Regulators and
23 operated by the State Regulatory Registry, LLC, or any successor or
24 affiliated entity, for the licensing and registration of a person
25 in the financial services industry.

26 (g) "Person" means an individual or a partnership,
27 corporation, limited liability company, association, governmental
28 entity, or other legal entity.

29 (h) "Virtual currency" means, except as otherwise provided in

subdivision (i), any type of digital unit that is used as a medium of exchange, as a form of digitally stored value, or that is incorporated into payment system technology. Virtual currency includes, but is not limited to, all of the following:

(i) A digital unit of exchange that has a centralized repository or administrator.

(ii) A digital unit of exchange that is decentralized and has no centralized repository or administrator.

(iii) A digital unit of exchange that may be created or obtained by computing or manufacturing effort.

(i) Virtual currency does not include either of the following:

(i) A digital unit of exchange that is used solely within an online gaming platform with no market or application outside of the gaming platform.

(ii) A digital unit of exchange that is used exclusively as part of a consumer affinity or rewards program, and can be applied solely as payment for a purchase with the issuer or other designated merchant but cannot be converted into or redeemed for fiat currency.

(j) "Virtual currency kiosk" means an electronic terminal that enables a virtual currency kiosk operator to facilitate the exchange of fiat currency for virtual currency or of virtual currency for fiat currency or other virtual currency by doing either of the following:

(i) Connecting directly to a separate virtual currency exchange that performs the actual virtual currency transmission.

(ii) Drawing on the virtual currency in the possession of the operator of the electronic terminal.

(k) "Virtual currency kiosk operator" or "operator" means a

1 person that operates a virtual currency kiosk in this state.

2 (l) "Virtual currency kiosk transaction" or "transaction" means
3 a transaction conducted or performed, in whole or in part, by
4 electronic means via a virtual currency kiosk.

5 (m) "Virtual wallet" means a hardware or software application
6 that enables an individual to store and use virtual currency.

7 (n) "Virtual wallet address" means an alphanumeric identifier
8 representing a destination on a blockchain for a virtual currency
9 transfer that is associated with a virtual wallet.

10 Sec. 5. Before entering an initial transaction for, on behalf
11 of, or with an individual, a virtual currency kiosk operator shall
12 disclose in a clear, conspicuous, and legible manner all material
13 risks associated with the operator's products, services, and
14 activities and virtual currency generally, including all of the
15 following information:

16 (a) Virtual currency is not legal tender, is not backed by the
17 United States government, and accounts and value balances are not
18 subject to protections that are received by a federal deposit
19 insurance corporation or securities investor protection
20 corporation.

21 (b) Legislative and regulatory changes or actions at the
22 state, federal, or international level may adversely affect the
23 use, transfer, exchange, and value of virtual currency.

24 (c) Transactions in virtual currency may be irreversible and
25 losses due to fraudulent or accidental transactions may not be
26 recoverable.

27 (d) Some virtual currency kiosk transactions are considered
28 made when recorded on a public ledger, which may not be the date or
29 time the individual initiates the transaction.

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

6 (f) A person that accepts virtual currency as payment today is
7 not required to accept virtual currency as payment in the future.

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

11 (h) The nature of virtual currency may lead to an increased
12 risk of fraud or cyber-attack.

13 (i) The nature of virtual currency means that any
14 technological difficulties experienced by the virtual currency
15 kiosk operator may prevent the access to or use of an individual's
16 virtual currency.

17 (j) Any bond or trust account maintained by the virtual
18 currency kiosk operator for the benefit of an individual may not
19 cover all losses an individual incurs.

20 Sec. 7. Before entering an initial transaction for, on behalf
21 of, or with an individual, a virtual currency kiosk operator shall
22 disclose in a clear, conspicuous, and legible manner all relevant
23 terms and conditions associated with the operator's products,
24 services, and activities and virtual currency generally, including
25 all of the following:

26 (a) The individual's liability for an unauthorized virtual
27 currency kiosk transaction.

28 (b) The circumstances in which the virtual currency kiosk
29 operator will disclose an individual's account information to a

1 third party without a court or government order.

2 (c) The individual's right to receive periodic account
3 statements and valuations from the virtual currency kiosk operator.

4 (d) The individual's right to receive a receipt, trade ticket,
5 or other evidence of a virtual currency kiosk transaction.

6 (e) The customer's right to prior notice of a change in the
7 virtual currency kiosk operator's rules or policies.

8 (f) Any other disclosures customarily provided when an
9 individual opens a registration account.

10 Sec. 9. Before entering any transaction for, on behalf of, or
11 with an individual, a virtual currency kiosk operator shall
12 disclose a warning to the individual that includes the following
13 statement:

14 "Customer Notice. Please Read Carefully.

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

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

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

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

26 Sec. 11. After completing a virtual currency kiosk
27 transaction, a virtual currency kiosk operator shall provide the
28 individual using the virtual currency kiosk a physical receipt, or
29 a virtual receipt sent to the individual's telephone number, that

1 contains all of the following information:

2 (a) The virtual currency kiosk operator's name and contact
3 information, including a telephone number to answer questions and
4 register complaints.

5 (b) The type, value, date, and precise time of the transaction
6 in the local time zone.

7 (c) The fee charged.

8 (d) The exchange rate.

9 (e) A statement of the virtual currency kiosk operator's
10 liability for nondelivery or delayed delivery.

11 (f) A statement of the virtual currency kiosk operator's
12 refund policy.

13 Sec. 13. (1) A virtual currency kiosk operator shall use
14 blockchain analytics to assist the operator in preventing purchased
15 virtual currency from being sent to a virtual wallet that is known
16 to be affiliated with fraudulent activity at the time of a virtual
17 currency kiosk transaction.

18 (2) The department may request from a virtual currency kiosk
19 operator evidence of the operator's current use of blockchain
20 analytics.

21 Sec. 15. A virtual currency kiosk operator shall provide live,
22 toll-free customer service by telephone Monday through Friday
23 between 8 a.m. and 10 p.m., at a minimum. A virtual currency kiosk
24 operator must display the customer service toll-free telephone
25 number on the exterior of the virtual currency kiosk or on the
26 screen of the virtual currency kiosk.

27 Sec. 17. (1) A virtual currency kiosk operator shall take
28 reasonable steps to detect and prevent fraud, including
29 establishing and maintaining a written antifraud policy.

1 (2) A written antifraud policy under subsection (1) must, at a
2 minimum, include all of the following:

3 (a) The identification and assessment of fraud related risk
4 areas.

5 (b) Procedures and controls to protect against identified
6 risks.

7 (c) Allocation of responsibility for monitoring risks.

8 (d) Procedures for the periodic evaluation and revision of the
9 antifraud procedures, controls, and monitoring mechanisms.

10 (3) A virtual currency kiosk operator shall maintain,
11 implement, and enforce both of the following:

12 (a) A written enhanced due diligence policy that identifies,
13 at a minimum, any individuals who are at risk of fraud based on the
14 age or mental capacity of the individual.

15 (b) Written compliance policies and procedures.

16 (4) Each policy and procedure under subsection (3) must be
17 reviewed and approved by the virtual currency kiosk operator's
18 board of directors or an equivalent governing body of the virtual
19 currency kiosk operator.

20 Sec. 19. (1) A virtual currency kiosk operator shall designate
21 a compliance officer. All of the following apply to the individual
22 designated as a compliance officer:

23 (a) The individual must be qualified to coordinate and monitor
24 compliance with this act and all other applicable laws, rules, and
25 regulations.

26 (b) The individual must be employed full-time by the virtual
27 currency kiosk operator.

28 (c) The individual must not own more than 20% of the virtual
29 currency kiosk operator that is employing the compliance officer.

1 (2) Only full-time employees of the virtual currency kiosk
2 operator shall complete compliance responsibilities required under
3 federal and state laws, rules, and regulations.

4 (3) A virtual currency kiosk operator shall designate a
5 consumer protection officer. All of the following apply to the
6 individual designated as a consumer protection officer:

7 (a) The individual must be qualified to coordinate and monitor
8 compliance with this act and all other applicable laws, rules, and
9 regulations.

10 (b) The individual must be employed full-time by the virtual
11 currency kiosk operator.

12 (c) The individual must not own more than 20% of the virtual
13 currency kiosk operator that is employing the consumer protection
14 officer.

15 Sec. 21. (1) Not more than 45 days after the end of the
16 calendar quarter, a virtual currency kiosk operator shall submit a
17 report that includes the location of each of the operator's virtual
18 currency kiosks in this state. The department shall formulate a
19 system for a virtual currency kiosk operator to submit a report
20 required under this subsection.

21 (2) A report under subsection (1) must include, at a minimum,
22 all of the following information:

23 (a) The legal name of the operator.

24 (b) Any fictitious or trade names of the operator.

25 (c) The physical address of each virtual currency kiosk.

26 (d) The start date of the operation of each virtual currency
27 kiosk at the location.

28 (e) If applicable, the end date of the operation of each
29 virtual currency kiosk at each location.

1 Sec. 22. A county, city, township, or village shall not enact
2 or enforce an ordinance that restricts the use of a virtual
3 currency kiosk in this state.

4 Sec. 23. (1) The department may request evidence that
5 demonstrates a virtual currency kiosk operator's compliance with
6 this act as reasonably necessary or appropriate to administer and
7 enforce this act.

8 (2) A virtual currency kiosk operator shall provide the
9 department with all records the department may reasonably require
10 and request under subsection (1).

11 (3) Except as otherwise provided in subsection (4), any
12 information, evidence, or report obtained by the department from a
13 virtual currency kiosk operator under this act, or any information
14 contained in or related to a report prepared by, on behalf of, or
15 for the use of the department under this act, is confidential and
16 is not subject to disclosure under the freedom of information act,
17 1976 PA 442, MCL 15.231 to 15.246.

18 (4) All of the following information is not confidential and
19 must be made available to the public on the department's website,
20 on receipt by the department of a written request, or in NMLS:

21 (a) The name, business address, telephone number, and unique
22 identifier of a virtual currency kiosk operator.

23 (b) The business address of a virtual currency kiosk
24 operator's registered agent for service.

25 (c) Any copies of a final order of the department relating to
26 a violation of this act.

27 Sec. 25. A virtual currency kiosk operator that knowingly and
28 willfully violates this act is subject to a civil fine of not more
29 than \$1,000.00 for each violation.