Senate Engrossed House Bill

cryptocurrency kiosk; license; fraud prevention

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HOUSE BILL 2387

AN ACT

AMENDING TITLE 6, CHAPTER 12, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 6-1236; RELATING TO MONEY TRANSMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 6, chapter 12, article 1, Arizona Revised Statutes, is amended by adding section 6-1236, to read:

6-1236. Cryptocurrency kiosk operator; disclosures; receipt; fraud prevention; refunds; enforcement; definitions

A. A CRYPTOCURRENCY KIOSK OPERATOR SHALL DISCLOSE IN A CLEAR, CONSPICUOUS AND EASILY READABLE AND UNDERSTANDABLE MANNER IN THE CHOSEN LANGUAGE OF THE CUSTOMER ALL RELEVANT TERMS AND CONDITIONS THAT ARE GENERALLY ASSOCIATED WITH THE PRODUCTS, SERVICES AND ACTIVITIES OF THE CRYPTOCURRENCY KIOSK OPERATOR AND VIRTUAL CURRENCY. THE CRYPTOCURRENCY KIOSK OPERATOR SHALL RECEIVE AN ACKNOWLEDGMENT OF RECEIPT OF ALL DISCLOSURES REQUIRED UNDER THIS SECTION FROM A CUSTOMER THROUGH CONFIRMATION OR CONSENT.

B. A CRYPTOCURRENCY KIOSK OPERATOR SHALL PROVIDE THE FOLLOWING DISCLOSURES SEPARATELY IN A FONT THAT CONTRASTS WITH THE BACKGROUND WHERE THE WRITTEN WARNING APPEARS AND THE CUSTOMER MUST ACCEPT THE TWO SEPARATE DISCLOSURES BEFORE EXECUTING A CRYPTOCURRENCY KIOSK TRANSACTION:

1. WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER WHO IS INITIATING A DISHONEST SCHEME OR A CRIMINAL OR FRAUDULENT ACTIVITY THAT MAY APPEAR IN MANY FORMS, INCLUDING ANY OF THE FOLLOWING:

(a) CLAIMS OF A FROZEN BANK ACCOUNT OR CREDIT CARD.

(b) CLAIMS OF A FRAUDULENT BANK TRANSACTION.

(c) CLAIMS OF IDENTITY THEFT OR AN OFFER OF EMPLOYMENT IN EXCHANGE FOR PAYMENT.

(d) REQUESTS FOR A PAYMENT TO A GOVERNMENT AGENCY OR COMPANY.

(e) REQUESTS FOR DISASTER RELIEF DONATIONS OR LOANS.

(f) OFFERS TO PURCHASE LOTTERY TICKETS OR SWEEPSTAKES OR DRAWINGS FOR VEHICLES.

(g) PROMPTS TO CLICK ON DESKTOP POP-UPS THAT INCLUDE VIRUS WARNINGS OR COMMUNICATION FROM ALLEGED FAMILIAR MERCHANTS.

(h) COMMUNICATION FROM SOMEONE IMPERSONATING A REPRESENTATIVE OF YOUR BANK OR A LAW ENFORCEMENT OFFICER.

IF YOU BELIEVE YOU HAVE BEEN SCAMMED, STOP AND CALL YOUR LOCAL LAW ENFORCEMENT AND THE CRYPTOCURRENCY KIOSK OPERATOR.

2. WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS ARE NOT RECOVERABLE. TRANSACTIONS IN VIRTUAL CURRENCY ARE IRREVERSIBLE. PEOPLE MAY USE VIRTUAL CURRENCY TRANSACTIONS TO STEAL YOUR MONEY BY IMPERSONATING THE GOVERNMENT, ORGANIZATIONS OR PEOPLE YOU KNOW. IMPERSONATORS MAY THREATEN JAIL TIME, SAY YOUR IDENTITY HAS BEEN STOLEN, ALLEGE YOUR COMPUTER HAS BEEN HACKED, INSIST YOU WITHDRAW MONEY FROM YOUR BANK ACCOUNT TO PURCHASE VIRTUAL CURRENCY OR

USE A NUMBER OF OTHER SCAMS. DO NOT DISCLOSE YOUR PRIVATE KEY
THAT IS ASSOCIATED WITH YOUR VIRTUAL WALLET TO A THIRD PARTY.
IF YOU BELIEVE YOU ARE BEING SCAMMED, STOP AND CALL YOUR LOCAL
LAW ENFORCEMENT AND THE CRYPTOCURRENCY KIOSK OPERATOR.

C. ON THE COMPLETION OF EACH CRYPTOCURRENCY KIOSK TRANSACTION, THE CRYPTOCURRENCY KIOSK OPERATOR SHALL PROVIDE THE INDIVIDUAL WHO MADE THE TRANSACTION AT THE CRYPTOCURRENCY KIOSK WITH A PHYSICAL OR DIGITAL RECEIPT IN THE LANGUAGE CHOSEN BY THE INDIVIDUAL THAT CONTAINS ALL OF THE FOLLOWING INFORMATION:

1. THE CRYPTOCURRENCY KIOSK OPERATOR'S NAME AND CONTACT INFORMATION, INCLUDING A TELEPHONE NUMBER TO ANSWER QUESTIONS AND REGISTER COMPLAINTS.

2. THE STATE AND LOCAL LAW ENFORCEMENT OR GOVERNMENT AGENCY THAT RECEIVES COMPLAINTS OF FRAUD.

3. THE TYPE, VALUE, DATE AND PRECISE TIME OF A TRANSACTION, THE TRANSACTION HASH AND EACH APPLICABLE VIRTUAL CURRENCY ADDRESS.

4. THE NAME AND CONTACT INFORMATION OF THE SENDER.

5. THE NAME, CONTACT INFORMATION AND VIRTUAL WALLET NUMBER OF THE DESIGNATED RECIPIENT.

6. DAI FEES CHARGED. FOR THE PURPOSES OF THIS PARAGRAPH, "DAI" MEANS A DECENTRALIZED STABLECOIN TOKEN THAT IS DESIGNED TO MAINTAIN A VALUE OF THE UNITED STATES DOLLAR.

7. THE EXCHANGE RATE OF THE VIRTUAL CURRENCY TO THE UNITED STATES DOLLAR.

8. A STATEMENT OF THE CRYPTOCURRENCY KIOSK OPERATOR'S REFUND POLICY.

9. ANY ADDITIONAL INFORMATION THAT A GOVERNMENT AUTHORITY MAY REQUIRE.

D. A CRYPTOCURRENCY KIOSK OPERATOR SHALL USE BLOCKCHAIN ANALYTICS AND TRACING SOFTWARE TO HELP PREVENT FRAUD BY NOT SENDING PURCHASED VIRTUAL CURRENCY FROM A CRYPTOCURRENCY KIOSK OPERATOR TO A VIRTUAL WALLET KNOWN TO BE AFFILIATED WITH FRAUD AT THE TIME OF A TRANSACTION. A RELEVANT GOVERNMENT AUTHORITY MAY REQUEST EVIDENCE FROM ANY CRYPTOCURRENCY KIOSK OPERATOR OF CURRENT USE OF BLOCKCHAIN ANALYTICS.

E. ALL CRYPTOCURRENCY KIOSK OPERATORS SHALL TAKE REASONABLE STEPS TO DETECT AND PREVENT FRAUD, INCLUDING ESTABLISHING AND MAINTAINING A WRITTEN ANTI-FRAUD POLICY AND CONFORMING TO FEDERAL KNOW YOUR CONSUMER AND ANTI-MONEY LAUNDERING LAWS.

F. A CRYPTOCURRENCY KIOSK OPERATOR MAY NOT ACCEPT TRANSACTIONS OF MORE THAN $2,000 UNITED STATES DOLLARS IN CASH OR THE EQUIVALENT IN VIRTUAL CURRENCY IN ONE DAY FROM A NEW CUSTOMER IN THIS STATE THROUGH ONE OR MORE CRYPTOCURRENCY KIOSKS. FOR EXISTING CUSTOMERS, A CRYPTOCURRENCY KIOSK OPERATOR SHALL ENSURE THAT THE CRYPTOCURRENCY KIOSK DOES NOT, IN CONNECTION WITH CRYPTOCURRENCY SERVICES FOR A SINGLE PERSON IN THIS STATE

USING ONE OR MORE CRYPTOCURRENCY KIOSKS, ACCEPT OR DISPENSE IN A SINGLE DAY MORE THAN $10,500.

G. ALL CRYPTOCURRENCY KIOSK OPERATORS PERFORMING BUSINESS IN THIS STATE SHALL PROVIDE LIVE CUSTOMER SERVICE AT A MINIMUM OF TWENTY-FOUR HOURS A DAY, SEVEN DAYS PER WEEK. THE CUSTOMER SERVICE TOLL-FREE NUMBER SHALL BE PROMINENTLY DISPLAYED ON THE CRYPTOCURRENCY KIOSK OR THE CRYPTOCURRENCY KIOSK SCREENS.

H. IF A NEW CUSTOMER AS DEFINED IN SUBSECTION L, PARAGRAPH 7 OF THIS SECTION HAS BEEN FRAUDULENTLY INDUCED TO ENGAGE IN A CRYPTOCURRENCY KIOSK TRANSACTION, THE CRYPTOCURRENCY KIOSK OPERATOR SHALL ISSUE A FULL REFUND FOR THE FRAUDULENTLY INDUCED CRYPTOCURRENCY KIOSK TRANSACTION, INCLUDING ANY FEES CHARGED IN ASSOCIATION WITH THE TRANSACTION, IF THE NEW CUSTOMER DOES ALL OF THE FOLLOWING:

1. CONTACTS THE CRYPTOCURRENCY KIOSK OPERATOR WITHIN THIRTY DAYS AFTER THE CRYPTOCURRENCY KIOSK TRANSACTION.

2. CONTACTS A LAW ENFORCEMENT AGENCY OR THE ATTORNEY GENERAL WITHIN THIRTY DAYS AFTER THE CRYPTOCURRENCY KIOSK TRANSACTION.

3. PROVIDES THE CRYPTOCURRENCY KIOSK OPERATOR WITH A REPORT FROM THE LAW ENFORCEMENT AGENCY OR ATTORNEY GENERAL'S OFFICE THAT DETERMINES THAT THE NEW CUSTOMER WAS FRAUDULENTLY INDUCED TO ENGAGE IN A CRYPTOCURRENCY KIOSK TRANSACTION.

I. A VICTIM OF FRAUD IS ELIGIBLE TO RECEIVE A REFUND EVEN IF A CRYPTOCURRENCY KIOSK OPERATOR PROVIDES THE REQUIRED DISCLOSURES PRESCRIBED IN SUBSECTIONS A AND B OF THIS SECTION AND THE RECEIPT PRESCRIBED IN SUBSECTION C OF THIS SECTION.

J. THE ATTORNEY GENERAL SHALL ENFORCE THIS SECTION. ANY ACT OR PRACTICE THAT VIOLATES THIS SECTION IS A VIOLATION OF SECTION 44-1522.

K. NOTWITHSTANDING ANY OTHER LAW, ALL INDIVIDUALS OR ENTITIES SUBJECT TO THIS SECTION SHALL BE CLASSIFIED AS A NEW CUSTOMER FOR THE PURPOSES OF COMPLIANCE ON THE EFFECTIVE DATE OF THIS SECTION. A NEW CUSTOMER AUTOMATICALLY CONVERTS TO AN EXISTING CUSTOMER TEN DAYS AFTER BECOMING A NEW CUSTOMER. AN EXISTING CUSTOMER IS SUBJECT TO THE TRANSACTION LIMITS PRESCRIBED IN THIS SECTION.

L. FOR THE PURPOSES OF THIS SECTION:

1. "BLOCKCHAIN ANALYTICS" MEANS THE ANALYSIS OF DATA FROM BLOCKCHAINS OR PUBLIC DISTRIBUTED LEDGERS, INCLUDING ASSOCIATED TRANSACTION INFORMATION.

2. "BLOCKCHAIN ANALYTICS AND TRACING SOFTWARE" MEANS A SOFTWARE SERVICE THAT USES BLOCKCHAIN ANALYTICS DATA TO PROVIDE RISK-SPECIFIC INFORMATION AND TRACING OF VIRTUAL CURRENCY WALLET ADDRESSES, AMONG OTHER VIRTUAL ITEMS.

3. "CRYPTOCURRENCY KIOSK":

(a) MEANS A PHYSICAL, ELECTRONIC TERMINAL THAT IS A MECHANICAL AGENT OF THE CRYPTOCURRENCY KIOSK OPERATOR AND THAT ENABLES A

CRYPTOCURRENCY KIOSK OPERATOR TO FACILITATE THE PURCHASE, SALE OR EXCHANGE OF CRYPTOCURRENCY FOR MONEY, BANK CREDIT OR ANY OTHER VIRTUAL CURRENCY.

(b) INCLUDES A VIRTUAL CURRENCY EXCHANGE, WHICH PERFORMS THE ACTUAL VIRTUAL CURRENCY TRANSMISSION OR DRAWING ON THE VIRTUAL CURRENCY THAT IS IN THE POSSESSION OF THE ELECTRONIC TERMINAL OPERATOR.

4. "CRYPTOCURRENCY KIOSK OPERATOR" MEANS AN INDIVIDUAL OR ENTITY:

(a) THAT ENGAGES IN VIRTUAL CURRENCY BUSINESS ACTIVITY THROUGH A MONEY TRANSMISSION KIOSK IN THIS STATE.

(b) THAT OPERATES OR MANAGES A MONEY TRANSMISSION KIOSK WHERE VIRTUAL CURRENCY BUSINESS ACTIVITY IS OFFERED IN THIS STATE.

5. "CRYPTOCURRENCY KIOSK TRANSACTION" MEANS BOTH:

(a) A TRANSACTION CONDUCTED OR PERFORMED, IN WHOLE OR IN PART, BY ELECTRONIC MEANS THROUGH A CRYPTOCURRENCY KIOSK.

(b) A TRANSACTION MADE AT A CRYPTOCURRENCY KIOSK TO PURCHASE VIRTUAL CURRENCY WITH FIAT CURRENCY OR TO SELL VIRTUAL CURRENCY FOR FIAT CURRENCY.

6. "EXISTING CUSTOMER" MEANS A CONSUMER TRANSACTING AT A CRYPTOCURRENCY KIOSK IN THIS STATE WHO HAS BEEN A CUSTOMER WITH A CRYPTOCURRENCY KIOSK OPERATOR FOR AT LEAST TEN DAYS.

7. "NEW CUSTOMER" MEANS A CONSUMER TRANSACTING AT A CRYPTOCURRENCY KIOSK IN THIS STATE WHO HAS BEEN A CUSTOMER OF A CRYPTOCURRENCY KIOSK OPERATOR FOR LESS THAN TEN DAYS.

8. "TRANSACTION HASH" MEANS A UNIQUE IDENTIFIER MADE UP OF A STRING OF CHARACTERS THAT ACTS AS A RECORD OF AND PROVIDES PROOF THAT THE TRANSACTION WAS VERIFIED AND ADDED TO THE BLOCKCHAIN.

9. "VIRTUAL CURRENCY ADDRESS":

(a) MEANS A UNIQUE PUBLIC ALPHANUMERIC IDENTIFIER THAT IS ASSOCIATED WITH A VIRTUAL CURRENCY TYPE AND WALLET AND THAT IDENTIFIES THE LOCATION WHERE VIRTUAL CURRENCY TRANSACTION CAN BE SENT.

(b) IS REFERRED TO AS A PUBLIC KEY.

10. "VIRTUAL WALLET":

(a) MEANS A SOFTWARE APPLICATION OR OTHER MECHANISM THAT PROVIDES A MEANS TO HOLD, STORE OR TRANSFER VIRTUAL CURRENCY OR NONFUNGIBLE TOKENS.

(b) INCLUDES A PUBLIC KEY, PRIVATE KEY AND A PUBLIC RECEIVING ADDRESS. FOR THE PURPOSES OF THIS SUBDIVISION, A PRIVATE KEY MAY BE USED TO SIGN FOR A TRANSACTION WHEN SENDING CRYPTOCURRENCY FROM A VIRTUAL WALLET.