

SESSION OF 2026

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2515**

As Amended by House Committee on Financial  
Institutions and Pensions

**Brief\***

HB 2515, as amended, would establish the Virtual Currency Kiosk Consumer Protection Act as part of the Kansas Money Transmission Act. The bill would outline disclosure requirements for virtual currency kiosks (also referred to as cryptocurrency ATMs) and their operators, require several fraud prevention measures, and establish a cap on certain fees. The bill would also make technical and conforming changes.

***Definitions (Section 2)***

The bill would define terms such as “blockchain,” “blockchain analytics,” “digital wallet,” “virtual currency,” and “virtual currency kiosk,” among others. For the purpose of the bill, “virtual currency” would be defined as a digital representation of value that is used as a medium of exchange, unit of account, or store of value that is not money, and does not include a:

- Transaction involving an affinity or awards programs in which a merchant grants value that cannot be taken from or exchanged with the merchant for money, bank credit, or virtual currency; or
- Digital representation of value issued by or on behalf of a publisher and used solely within an

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

online game, game platform, or family of games sold by the publisher.

### ***Disclosures (Section 3)***

The bill would require, prior to entering into an initial virtual currency transaction for, on behalf of, or with a person in Kansas, virtual currency kiosk operators (operators) to disclose in clear, conspicuous, and legible writing in the English language, whether in accessible terms of service or elsewhere, all material risks associated with the operator's products, services, and activities and virtual currency, generally, including disclosures substantially similar to the following:

- Virtual currency is not legal tender and is not backed or insured by the government;
- Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of virtual currency;
- Transactions in virtual currency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable;
- Some virtual currency transactions shall be deemed to be made when recorded on a public ledger that is not necessarily the date or time that you initiate the transaction;
- The value of virtual currency may be derived from the continued willingness of market participants to exchange money for virtual currency, which may result in the potential for permanent and total loss of value of a particular virtual currency should the market for that virtual currency disappear;

- There is no assurance that a person who accepts a virtual currency as payment today will continue to do so in the future;
- The volatility and unpredictability of the price of virtual currency relative to the U.S. dollar may result in significant loss over a short period of time;
- The nature of virtual currency may lead to an increased risk of fraud or cyber attack;
- The nature of virtual currency means that any technological difficulties experienced by the virtual currency kiosk operator may prevent the access or use of your virtual currency; and
- Any bond or trust account maintained by the virtual currency kiosk operator for the benefit of such operator's customers may not be sufficient to cover all losses incurred by customers.

In a similar fashion, the bill would require disclosures substantially similar to the following to be made when opening an account and prior to entering into an initial transaction:

- The person's liability for unauthorized virtual currency transactions;
- Under what circumstances the virtual currency kiosk operator will, absent a court or government order, disclose the person's information to third parties;
- The person's right to receive periodic account statements and valuations from the virtual currency kiosk operator;
- The person's right to receive a receipt, trade ticket, or other evidence of a transaction;

- The person's right to prior notice of a change in the virtual currency kiosk operator's rules or policies; and
- Such other disclosures as are customarily given in connection with the opening of accounts.

The bill would require that, prior to each virtual currency transaction with a person in Kansas, each operator ensure that a warning is clearly and conspicuously disclosed on screen, that must be acknowledged by tapping the screen or similar manner, and by email, in at least 12-point or the largest available font size that is substantially similar to the following, including bold and capitalization:

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

1. Impersonating a family member or friend while claiming to be in financial or criminal trouble.
2. Communication from someone impersonating a representative of your financial institution or a law enforcement officer.
3. Claims of a frozen bank account or credit card.
4. Claims of fraudulent financial transactions.
5. Claims of identity theft or job offers in exchange for payment.
6. Requests for payment to government agencies or companies.
7. Requests for disaster relief donations or loans.

8. Offers to purchase tickets for lotteries, sweepstakes or drawings for vehicles.

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

The bill would also require virtual currency kiosk providers conducting the transaction in Spanish to provide the same disclosure written in Spanish and administered in the same manner.

Under the bill, each operator would be required to retain evidence of the disclosures detailed above for three years in addition to all other retention requirements in current law.

The bill would express the intent of the disclosures is to serve as warning to users who may be conducting a transaction as a result of a scam. The disclosures would not affect or prevent a fraud victim's ability to be eligible for a refund.

*Receipts*

Upon completion of any virtual currency kiosk transaction, each operator would be required to provide to the person in Kansas a receipt containing the following information:

- The name and contact information of the virtual currency kiosk operator, including a telephone number established by the virtual currency kiosk operator, to answer questions and register complaints;
- The type, value, date, and precise time of the transaction in the local time zone;
- The fee charged;
- The exchange rate, if applicable;

- The difference, if any, between the exchange rate and the market rate of any virtual currency involved in the transaction realized by the person in Kansas if the difference represents a decrease in value. The difference shall be expressed in the equivalent U.S. dollar and labeled as a “spread fee”;
- A statement of the liability of the virtual currency kiosk operator for non-delivery or delayed delivery;
- A statement of the refund policy of the virtual currency kiosk operator in compliance with the bill; and
- The complete wallet address where money or virtual currency is deposited or sent.

This receipt would be required to be provided in paper form if the operator first placed a virtual currency kiosk into service in Kansas on or after July 1, 2026. If a virtual currency kiosk was placed into service before July 1, 2026, the operator would be required to provide a paper or digital receipt. All digital receipts would require a clicked acknowledgment that the consumer has provided their email address.

#### ***Fraud Prevention (Section 4)***

##### *Blockchain Analytics Software*

The bill would require kiosk operators to use blockchain analytics software to assist in the prevention of sending purchased virtual currency from an operator to a digital wallet known to be affiliated with fraudulent activity at the time of transaction.

The bill would allow the State Bank Commissioner (Commissioner) to request evidence from any virtual currency kiosk operator of current and historical use of blockchain

analytics. The operator would be held harmless if such operator refuses to complete a transaction based upon the knowledge or a credible suspicion that a digital wallet in the transaction is affiliated with fraudulent activity.

#### *Customer Service*

Under the bill, operators performing business in Kansas would be required to provide live customer service during kiosk operating hours and to display the customer service toll-free number on the kiosk or the kiosk screens. The customer service toll-free number would be staffed by trained individuals who are employed by or on behalf of the virtual currency kiosk operator and who provide customer assistance to a caller in real time.

#### *Anti-fraud and Enhanced Due Diligence Policies*

The bill would require operators to take reasonable steps to detect and prevent fraud, including establishing and maintaining a written anti-fraud policy. The anti-fraud policy would, at a minimum, include:

- The identification and assessment of fraud-related risk areas;
- Procedures and controls to protect against identified risks;
- Allocation of responsibility for monitoring risks; and
- Procedures for the periodic evaluation and revision of the anti-fraud procedures, controls, and monitoring mechanisms.

Each operator would be required to maintain, implement, and enforce a written enhanced due diligence policy. The policy would be reviewed and approved by the operator's board of directors or an equivalent governing body.

The enhanced due diligence policy must identify, at a minimum, individuals who are at risk of fraud based on age and mental capacity.

*Consumer Protection Officer*

Each operator would be required to designate and employ a consumer protection officer with the following requirements:

- The individual would be qualified to coordinate and monitor compliance with this section and all other applicable federal and state laws, rules and regulations;
- The individual would be employed full-time by the virtual currency kiosk operator;
- The designated consumer protection officer would not be an individual who owns more than 20 percent of the virtual currency kiosk operator by which the individual is employed; and
- The designated consumer protection officer would have a direct dedicated telephone number outside of any call routing system and an email address for facilitating law enforcement and regulatory agency communications.

*Location Report*

Each operator would be required to submit a report to the Commissioner, including the location of each virtual currency kiosk within Kansas, within 45 days of the end of each calendar quarter in the form and manner directed by the Commissioner.

The location report would be required to include, at a minimum:

- The legal name of the company;
- Any fictitious or trade name;
- The physical address;
- When the virtual currency kiosk was first placed into service in Kansas;
- The virtual currency kiosk's operating hours;
- The start date of operation of a virtual currency kiosk at each location; and
- The end date of operation of a virtual currency kiosk at each location, if applicable.

#### *Licensure*

The bill would clarify that any operator who owns, operates, solicits, markets, advertises, or facilitates virtual currency kiosks in Kansas would be deemed to be engaged in money transmission, which would require licensure pursuant to law and full compliance with money transmitter reporting.

All unlicensed operators would be required to apply for a money transmitter license within 60 days after July 1, 2026. Operators who apply within the time provided would be allowed to continue operations while the Commissioner reviews a complete application. Any operator whose application is denied by the Commissioner would be required to cease operations until granted a money transmitter license.

#### *User Identification*

For each virtual currency transaction, the operator or their authorized delegate would be required to verify the identity of the user prior to accepting payment from the user.

The operator or their delegate would obtain a copy of a government-issued identification card that identifies such user and collect additional information, including the user's name, date of birth, telephone number, address, and email address prior to accepting a payment from such user at a kiosk.

A user would not be allowed to engage in any transaction at a kiosk under any name, account, or identity other than such user's own true name and identity. An operator would be strictly liable for any violation of this section.

### ***Fee Caps (Section 5)***

The bill would prohibit a virtual currency kiosk operator from collecting direct or indirect charges related to a virtual currency transaction from a person in Kansas that exceeds the greater of the following:

- \$5 in U.S. currency or the equivalent; or
- 18 percent of the full money transmission amount in U.S. currency or the equivalent.

The bill would consider a spread on a virtual currency purchase or sale between the market price and the price offered to be an indirect charge.

The bill would require each kiosk provider to retain documentation of the relevant virtual currency market price at the time of each transaction.

## ***Holding Period, Transaction Limits, and Refunds (Section 6)***

### *Holding Period*

For any transaction conducted within 14 days of the initial transaction, the bill would require each operator to retain, hold, and safekeep any money or virtual currency provided as part of a transaction with a person in Kansas for 72 hours.

Irrespective of this holding period, the transaction would be required to be completed at the agreed rates at the time the person initiated the transaction unless the operator is required by law or judicially ordered to safekeep the funds due to criminal activity or receives a refund request.

### *Transaction Limits*

Under the bill, an operator could only engage in a transaction with a person in Kansas under the following transaction and day limitations:

- For the initial transaction, up to \$2,000;
- Within 14 days of the initial transaction, up to \$2,000 per day and only one transaction within 72 hours of the initial transaction, and a maximum of \$10,000 in total transactions within the first 14 days of the initial transaction; and
- More than 14 days from the initial transaction, up to \$10,500 per day.

### *Refunds*

The bill would allow any person in Kansas to request a full refund of the initial transaction for any reason from an operator within the holding period mentioned above. The

operator would be required to issue a full refund unless safekeeping the funds due to criminal activity is required by law or judicially ordered.

An existing customer of the operator would be able to request only a refund of direct and indirect charges, including any spread fee and transaction fee, if such existing customer:

- Reports that a money transmission or a series of money transmissions was fraudulent to the Commissioner, the Attorney General, or a law enforcement agency within 30 calendar days after the date of the last fraudulent money transmission; and
- Submits to such operator a police report or a sworn declaration detailing the fraudulent nature of the money transmission involving such operator.

For any initial transaction, upon the request of any person in Kansas, the Commissioner, the Attorney General or any law enforcement agency, the operator would be required to issue a refund for the full money transmission amount and any fees charged, including any spread fee, if the person in Kansas:

- Reports that a money transmission or a series of money transmissions was fraudulent to the Commissioner, the Attorney General, or a law enforcement agency within 30 calendar days after the date of the last fraudulent money transmission; and
- Submits to such virtual currency kiosk operator a police report or a sworn declaration detailing the fraudulent nature of the money transmission involving such virtual currency kiosk operator.

Under the bill, the operator would be required to issue any refund requested under this section via a cash payout,

the automated clearing house, or a paper check within 10 business days after receiving the refund request.

Notwithstanding the refund requirements of this section, under reasonable suspicion of fraud or wrongdoing by any person on behalf of the person in Kansas who initiated the transaction, an operator could delay sending a refund for cause if the operator immediately reports such suspected fraud or wrongdoing to the Commissioner, the Attorney General, or any law enforcement agency, until the receiving agency has advised the operator of the conclusion of any investigation into such alleged fraud or wrongdoing.

#### ***Authority to Investigate Fraud (Section 7)***

The bill would grant the Office of the Attorney General and any law enforcement agency the authority to investigate any fraudulent money transmission reported by a person in Kansas. The bill would require the money transmitters to comply with any investigation to the extent permitted by state and federal law.

The bill would require the Office of the Attorney General and any law enforcement agency in Kansas to periodically report to the Commissioner any fraud or activity that violates this statute and is conducted by or alleged against a money transmitter. In deciding whether to revoke or refuse to renew a license, the Commissioner could consider previous fraudulent activity or any activity violating this statute that is conducted by a money transmitter. The Commissioner would be required to share any reported fraudulent money transmission with the Office of the Attorney General and any relevant law enforcement agency in Kansas.

This section would become part of the Kansas Money Transmission Act.

### ***Amendments to Current Statute (Sections 8-12)***

The bill would update the definition of “money transmission” in current statute to include:

- Engaging in virtual currency transactions or other transactions for a fee from a virtual currency kiosk physically located in Kansas; or
- Three-party exchanges with at least one person located in Kansas in which money is exchanged for virtual currency.

The definition of money transmission would not include:

- Two-party exchanges with at least one person located in Kansas in which money is exchanged for virtual currency in any manner other than from a virtual currency kiosk physically located in Kansas; and
- Exchanges of virtual currency for another virtual currency in any manner other than from a virtual currency kiosk physically located in Kansas.

The bill would also define “three-party exchange” and “two-party exchange.”

The bill would add “copies of a virtual currency kiosk operator’s location report” to the list of records of the Office of the Commissioner that are not confidential and may be made available to the public.

The bill would make technical changes, update statutory references, and remove language referencing a January 1, 2025, effective date.

## **Background**

The bill was introduced by the House Committee on Financial Institutions and Pensions at the request of Representative Hoheisel.

### ***House Committee on Financial Institutions and Pensions***

In the House Committee hearing, **proponent** testimony was provided by representatives of AARP Kansas, Kansas Bankers Association, Kansas Credit Union Association, the Office of the Attorney General, the Office of the District Attorney for the Eighteenth Judicial District, the Office of the State Bank Commissioner, and the Satoshi Action Fund. Conferees generally stated the bill would address consumer fraud and provide guardrails to protect Kansas residents from financial harm. The proponents discussed the prevalence of fraud at cryptocurrency kiosks, citing a report from the Iowa Attorney General's Office that found that more than 94 percent of the money Iowans sent through these kiosks were related to scams.

Written-only proponent testimony was provided by a representative of the Kansas Bureau of Investigation and a representative of the Kansas Association of Chiefs of Police, Kansas Sheriffs Association, and Kansas Peace Officers Association.

**Neutral** testimony was provided by representatives of Bitcoin Depot and CoinFlip, who generally stated they support the bill with minor changes. They suggested amendments to eliminate fee caps, adjust new customer transaction limits, make the ID verification policy consistent with federal law, reconsider paper receipts, adjust the timeline on consumer refunds, and change references to customer's email addresses to become references to phone numbers instead, among other suggestions.

Written-only neutral testimony was provided by a representative of Americans for Prosperity—Kansas.

No other testimony was provided.

The House Committee amended the bill to clarify that initial transactions would be permissible up to \$2,000 and to allow a customer to submit a sworn declaration (as an alternative to a police report) to the kiosk operator when requesting a refund related to fraud.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Office of the Attorney General would require \$212,359 from the State General Fund in FY 2027 and \$218,730 in FY 2028. For FY 2027, the Office would hire 1.00 Assistant Attorney General positions at a cost of \$133,905 and 1.0 Investigator position at a cost of \$60,839. The Office would also require \$17,615 for training, office equipment, and other operating expenditures to support the new positions. FY 2028 expenditures amount of \$218,730 represent a 3.0 percent increase from FY 2027.

The Kansas Bureau of Investigation indicates that any case referred to the agency under the bill would be reviewed and prioritized based on current workloads and would be handled within its existing resources. The Office of Judicial Administration indicates that the bill would have a negligible effect on expenditures and would be absorbed within the agency's existing resources. Any fiscal effect associated with the bill is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties indicates the bill would increase county costs for investigation and prosecutions for violations of the Virtual Currency Kiosk Consumer Protection Act; however, the Association is unable

to estimate a precise fiscal effect. The League of Kansas Municipalities indicates the bill would not have a fiscal effect on cities.

Virtual Currency Kiosk Consumer Protection Act; Kansas Money Transmission Act; Attorney General; Office of the State Bank Commissioner; law enforcement; cryptocurrency; crypto; blockchain; virtual currency; virtual currency kiosk; consumer protection; money transmission; fraud; fraud detection and prevention