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HOUSE BILL 1268

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State of Washington

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2025 Regular Session

By Representatives Hackney and Ryu

Read first time 01/14/25. Referred to Committee on Consumer Protection & Business.

1 AN ACT Relating to virtual currency transaction kiosks; amending  
2 RCW 19.230.030, 19.230.370, and 19.230.010; adding new sections to  
3 chapter 19.230 RCW; prescribing penalties; and providing an effective  
4 date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 19.230.030 and 2017 c 30 s 3 are each amended to  
7 read as follows:

8 (1) A person may not engage in the business of money  
9 transmission, or advertise, solicit, or hold itself out as providing  
10 money transmission, unless the person is:

11 (a) Licensed as a money transmitter under this chapter;

12 (b) An authorized delegate of a person licensed as a money  
13 transmitter under this chapter; or

14 (c) Excluded under RCW 19.230.020.

15 (2) A money transmitter license is not transferable or  
16 assignable.

17 (3) A person who owns, operates, solicits, markets, advertises,  
18 or facilitates virtual currency transaction kiosks in this state is  
19 deemed to be engaged in the business of money transmission in this  
20 state and is subject to licensure under this chapter. A person  
21 operating a virtual currency transaction kiosk outside of a license

1 is considered in violation of this chapter and subject to penalties  
2 as determined by the director.

3 (4) Not later than 15 days after the date a virtual currency  
4 licensee ceases to engage in the business of money transmission in  
5 this state for any reason, including a business decision to terminate  
6 operations in this state, license revocation, bankruptcy, or  
7 voluntary dissolution, such licensee must request surrender of the  
8 license for each location where such licensee has ceased to engage in  
9 such business. The licensee must also identify, in writing, to the  
10 director the location where the records of the licensee will be  
11 stored and the name, address, and telephone number of an individual  
12 authorized to provide access to the records. The surrender of a  
13 license does not reduce or eliminate the licensee's civil or criminal  
14 liability arising from actions undertaken by the director to revoke  
15 or suspend a license, assess a civil penalty, order restitution, or  
16 exercise any authority of the director.

17 **Sec. 2.** RCW 19.230.370 and 2017 c 30 s 21 are each amended to  
18 read as follows:

19 (1) Virtual currency licensees must provide to any person seeking  
20 to use the licensee's products or services the disclosures required  
21 by subsections (2) through (6) of this section.

22 (2) As applicable, virtual currency licensees must make the  
23 following disclosures:

24 (a) A schedule of all fees and charges the licensee may assess on  
25 a transaction, how the fees and charges will be calculated if not set  
26 in advance and disclosed, and the timing of the fees and charges.

27 (b) Whether the product or service provided is insured or  
28 guaranteed by an agency of the United States, such as the federal  
29 deposit insurance corporation or the securities investor protection  
30 corporation or by private insurance against theft or loss, including  
31 cybertheft or theft by other means.

32 (c) A notice that the transfer of virtual currency or digital  
33 units is irrevocable and any exception to the irrevocability of  
34 transfer.

35 ~~((d) A notice describing the licensee's liability for~~  
36 ~~unauthorized, mistaken, or accidental transfers and, describing the~~  
37 ~~user's responsibility for providing notice of such mistake to the~~  
38 ~~licensee and of general error-resolution rights applicable to any~~  
39 ~~transaction.))~~

1       (3) Separate and in addition to the disclosures required under  
2 subsections (2), (4), and (5) of this section, before entering into a  
3 virtual currency transaction for, on behalf of, or with a person, a  
4 virtual currency transaction kiosk operator must disclose all  
5 material risks generally associated with virtual currency. The  
6 disclosure must be displayed on the screen of the virtual currency  
7 transaction kiosk with the ability for a person to acknowledge the  
8 receipt of the disclosures. The disclosures must include at least the  
9 following information:

10       (a) Virtual currencies are not backed or insured by the  
11 government, and accounts and value balances are not subject to  
12 federal deposit insurance corporation, national credit union  
13 administration, securities investor protection, or corporation  
14 protections;

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

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

23       (d) There is no assurance that a person who accepts virtual  
24 currency as a payment today will do so in the future;

25       (e) The volatility and unpredictability of the price of virtual  
26 currencies relative to fiat currency may result in a significant loss  
27 over a short period;

28       (f) Virtual currency transactions are irreversible and may be  
29 used by scammers, including those impersonating loved ones,  
30 threatening jail time, stating that your identity is stolen, and  
31 insisting you withdraw money from your bank account and purchase  
32 cryptocurrency;

33       (g) The nature of virtual currency means that any technological  
34 difficulties experienced by the virtual currency transaction kiosk  
35 operator may prevent access to or use of a person's virtual currency;  
36 and

37       (h) Any bond maintained by the licensee for the benefit of a  
38 person may not cover all losses the person incurs.

39       (4) Before entering into a virtual currency transaction for, on  
40 behalf of, or with a person, a virtual currency transaction kiosk

1 operator must provide an additional disclosure, which must be  
2 acknowledged by the person, written prominently and in bold type, and  
3 provided separately from the disclosures in subsections (2), (3), and  
4 (5) of this section, stating: "WARNING: LOSSES DUE TO FRAUDULENT OR  
5 ACCIDENTAL TRANSACTION ARE NOT RECOVERABLE AND TRANSACTIONS IN  
6 DIGITAL FINANCIAL ASSETS ARE IRREVERSIBLE."

7 (5) Licensees must provide any additional disclosures the  
8 director may require as set forth in rule.

9 ~~((4))~~ (6) Disclosures required by this section must be  
10 ~~((made))~~ ;

11 (a) Made separately from any other information provided by the  
12 licensee ~~((and))~~ ;

13 (b) Made in a clear and conspicuous manner; and

14 (c) Legibly written in English.

15 NEW SECTION. Sec. 3. A new section is added to chapter 19.230  
16 RCW to read as follows:

17 (1) Each money transmitter licensee who owns, operates, solicits,  
18 markets, advertises, or facilitates virtual currency transaction  
19 kiosks in this state must maintain a detailed plan and accounting as  
20 to how the licensee must engage in winding down operations, and must  
21 provide such plan and accounting to the director upon request. Such  
22 plan and accounting must contain:

23 (a) A record showing that the licensee's minimum net worth and  
24 reserves are sufficient to prevent losses to consumers and purchasers  
25 and to repay any outstanding obligations or accounts payable;

26 (b) Procedures to ensure that, after winding down operations, the  
27 licensee does not retain any consumer funds, purchaser funds, or  
28 other client funds;

29 (c) A plan demonstrating that consumers have access to consumer  
30 funds in the licensee's custody;

31 (d) Detailed instructions informing consumers how they may  
32 withdraw consumer funds upon request; and

33 (e) Any other records and information requested by the director  
34 regarding winding down operations.

35 (2) No licensee who owns, operates, solicits, markets,  
36 advertises, or facilitates virtual currency transaction kiosks in  
37 this state may terminate such licensee's business unless the  
38 following conditions are met:

1 (a) The licensee provides written notice to the director of the  
2 proposed termination at least 30 days prior to the effective date of  
3 such proposed termination;

4 (b) The licensee notifies, in writing, all consumers, purchasers,  
5 and users of the licensee of the proposed termination, and the date  
6 of such proposed termination, at least 30 days prior to the date of  
7 such proposed termination;

8 (c) The licensee provides all consumers, purchasers, and users of  
9 the licensee with detailed final accountings of the accounts of such  
10 consumers, purchasers, and users;

11 (d) The licensee remits all money held in the custody of the  
12 licensee on behalf of consumers, purchasers, and users to such  
13 consumers, purchasers, and users; and

14 (e) The licensee files a request to surrender such licensee's  
15 license, and the director accepts such request.

16 (3) Each owner or operator of a virtual currency transaction  
17 kiosk must:

18 (a) Gather and maintain full know-your-customer information in  
19 accordance with federal reporting requirements;

20 (b) Maintain restrictions that prevent more than one customer of  
21 such owner or operator from using the same virtual currency wallet;

22 (c) Be able to prevent designated virtual currency wallets from  
23 being used at any virtual currency transaction kiosk owned or  
24 operated by such owner or operator;

25 (d) Use an established third party that specializes in performing  
26 blockchain analyses to preemptively perform such analyses to identify  
27 and prevent high-risk or sanctioned virtual currency wallets from  
28 being used by customers at virtual currency transaction kiosks owned  
29 or operated by such owner or operator;

30 (e) Define, in such owner or operator's policies and procedures,  
31 a risk-based method of monitoring customers of such owner or operator  
32 on a posttransaction basis;

33 (f) Offer, during the hours of operation of the virtual currency  
34 transaction kiosks owned or operated by such owner or operator, live  
35 customer support by telephone from a telephone number prominently  
36 displayed at or on such virtual currency transaction kiosks;

37 (g) Designate and employ a chief compliance officer who shall:

38 (i) Be qualified to coordinate and monitor a compliance program  
39 to ensure compliance with this section and all other applicable  
40 federal and state laws and rules;

- 1 (ii) Be employed on a full-time basis by such owner or operator;  
2 and
- 3 (iii) Not own more than 20 percent of the virtual currency  
4 transaction kiosk or operator that employs such officer; and
- 5 (h) Use full-time employees to fulfill the owner or operator's  
6 compliance responsibilities under federal and state laws and rules.
- 7 (4)(a) Subject to (b) and (c) of this subsection (4), each  
8 operator of a virtual currency transaction kiosk must demonstrate and  
9 maintain tangible net worth calculated at \$10,000 for every  
10 \$1,000,000 of total company-wide money transmission and payment  
11 instrument dollar volume over the previous 12 months.
- 12 (b) The minimum tangible net worth is \$10,000 and the maximum  
13 required tangible net worth is \$3,000,000.
- 14 (c) The minimum tangible net worth if the company provides  
15 digital financial asset storage is \$100,000.

16 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.230  
17 RCW to read as follows:

18 The owner or operator of a virtual currency transaction kiosk  
19 shall, upon the completion of any virtual currency transaction,  
20 provide to the customer a receipt containing the following  
21 information:

22 (1) The name of, and contact information for, the owner or  
23 operator including, but not limited to, the owner or operator's  
24 business address and a customer service telephone number established  
25 by the owner or operator to answer questions and register complaints;

26 (2) The customer's name;

27 (3) The type, value, date, and precise time of such virtual  
28 currency transaction, and each virtual currency address;

29 (4) The amount of such virtual currency expressed in United  
30 States currency;

31 (5) The full unique transaction hash or identification number;

32 (6) The public virtual currency address of the customer;

33 (7) The unique identifier;

34 (8) Any fee charged including, but not limited to, any fee  
35 charged directly or indirectly by the owner, operator, or a third  
36 party involved in such virtual currency transaction; and

37 (9) The exchange rate, if applicable.

1       **Sec. 5.** RCW 19.230.010 and 2017 c 30 s 1 are each amended to  
2 read as follows:

3       The definitions in this section apply throughout this chapter  
4 unless the context clearly requires otherwise.

5       (1) "Affiliate" means any person who directly or indirectly  
6 through one or more intermediaries, controls, is controlled by, or is  
7 under common control with, another person.

8       (2) "Annual assessment due date" means the date specified in rule  
9 by the director upon which the annual assessment is due.

10       (3) "Applicant" means a person that files an application for a  
11 license under this chapter, including the applicant's proposed  
12 responsible individual and executive officers, and persons in control  
13 of the applicant.

14       (4) "Authorized delegate" means a person a licensee designates to  
15 provide money services on behalf of the licensee. A person that is  
16 exempt from licensing under this chapter cannot have an authorized  
17 delegate.

18       (5) "Board director" means a natural person who is a member of  
19 the applicant's or licensee's board of directors if the applicant is  
20 a corporation or limited liability company, or a partner if the  
21 applicant or licensee is a partnership.

22       (6) "Closed loop prepaid access" means prepaid access that can  
23 only be redeemed for a limited universe of goods, intangibles,  
24 services, or other items provided by the issuer of the prepaid  
25 access, its affiliates, or others involved in transactions  
26 functionally related to the issuer or its affiliates.

27       (7) "Control" means:

28       (a) Ownership of, or the power to vote, directly or indirectly,  
29 at least twenty-five percent of a class of voting securities or  
30 voting interests of a licensee or applicant, or person in control of  
31 a licensee or applicant;

32       (b) Power to elect a majority of executive officers, managers,  
33 directors, trustees, or other persons exercising managerial authority  
34 of a licensee or applicant, or person in control of a licensee or  
35 applicant; or

36       (c) Power to exercise directly or indirectly, a controlling  
37 influence over the management or policies of a licensee or applicant,  
38 or person in control of a licensee or applicant.

39       (8) "Currency exchange" means exchanging the money of one  
40 government for money of another government, or holding oneself out as

1 able to exchange the money of one government for money of another  
2 government. The following persons are not considered currency  
3 exchangers:

4 (a) Affiliated businesses that engage in currency exchange for a  
5 business purpose other than currency exchange;

6 (b) A person who provides currency exchange services for a person  
7 acting primarily for a business, commercial, agricultural, or  
8 investment purpose when the currency exchange is incidental to the  
9 transaction;

10 (c) A person who deals in coins or a person who deals in money  
11 whose value is primarily determined because it is rare, old, or  
12 collectible; and

13 (d) A person who in the regular course of business chooses to  
14 accept from a customer the currency of a country other than the  
15 United States in order to complete the sale of a good or service  
16 other than currency exchange, that may include cash back to the  
17 customer, and does not otherwise trade in currencies or transmit  
18 money for compensation or gain.

19 (9) "Currency exchanger" means a person that is engaged in  
20 currency exchange.

21 (10) "Director" means the director of financial institutions.

22 (11) "Executive officer" means a president, chairperson of the  
23 executive committee, chief financial officer, responsible individual,  
24 or other individual who performs similar functions.

25 (12) "Financial institution" means any person doing business  
26 under the laws of any state or the United States relating to  
27 commercial banks, bank holding companies, savings banks, savings and  
28 loan associations, trust companies, or credit unions.

29 (13) "Licensee" means a person licensed under this chapter.  
30 "Licensee" also means any person, whether located within or outside  
31 of this state, who fails to obtain a license required by this  
32 chapter.

33 (14) "Material litigation" means litigation that according to  
34 generally accepted accounting principles is significant to an  
35 applicant's or a licensee's financial health and would be required to  
36 be disclosed in the applicant's or licensee's annual audited  
37 financial statements, report to shareholders, or similar records.

38 (15) "Mobile location" means a vehicle or movable facility where  
39 money services are provided.

1 (16) "Money" means a medium of exchange that is authorized or  
2 adopted by the United States or a foreign government or other  
3 recognized medium of exchange. "Money" includes a monetary unit of  
4 account established by an intergovernmental organization or by  
5 agreement between two or more governments.

6 (17) "Money services" means money transmission or currency  
7 exchange.

8 (18) "Money transmission" means receiving money or its equivalent  
9 value (equivalent value includes virtual currency) to transmit,  
10 deliver, or instruct to be delivered to another location, inside or  
11 outside the United States, by any means including but not limited to  
12 by wire, facsimile, or electronic transfer. "Money transmission"  
13 includes selling, issuing, or acting as an intermediary for open loop  
14 prepaid access and payment instruments, but not closed loop prepaid  
15 access. "Money transmission" includes all virtual currency  
16 transaction kiosk transactions. "Money transmission" does not  
17 include: The provision solely of connection services to the internet,  
18 telecommunications services, or network access; units of value that  
19 are issued in affinity or rewards programs that cannot be redeemed  
20 for either money or virtual currencies; and units of value that are  
21 used solely within online gaming platforms that have no market or  
22 application outside of the gaming platforms.

23 (19) "Money transmitter" means a person that is engaged in money  
24 transmission.

25 (20) "Open loop prepaid access" means prepaid access redeemable  
26 at multiple, unaffiliated merchants or service providers, or  
27 automated teller machines.

28 (21) "Outstanding money transmission" means the value of all  
29 money transmissions reported to the licensee for which the money  
30 transmitter has received money or its equivalent value from the  
31 customer for transmission, but has not yet completed the money  
32 transmission by delivering the money or monetary value to the person  
33 designated by the customer.

34 (22) "Payment instrument" means a check, draft, money order, or  
35 traveler's check for the transmission or payment of money or its  
36 equivalent value, whether or not negotiable. "Payment instrument"  
37 does not include a credit card voucher, letter of credit, or  
38 instrument that is redeemable by the issuer in goods or services.

39 (23) "Person" means an individual, corporation, business trust,  
40 estate, trust, partnership, limited liability company, association,

1 joint venture; government, governmental subdivision, agency, or  
2 instrumentality; public corporation; or any other legal or commercial  
3 entity.

4 (24) "Prepaid access" means access to money that has been paid in  
5 advance and can be retrieved or transferred through an electronic  
6 device or vehicle, such as a card, code, electronic serial number,  
7 mobile identification number, or personal identification number.

8 (25) "Record" means information that is inscribed on a tangible  
9 medium, or that is stored in an electronic or other medium, and is  
10 retrievable in perceivable form.

11 (26) "Responsible individual" means an individual who is employed  
12 by a licensee and has principal managerial authority over the  
13 provision of money services by the licensee in this state.

14 (27) "State" means a state of the United States, the District of  
15 Columbia, Puerto Rico, the United States Virgin Islands, or any  
16 territory or insular possession subject to the jurisdiction of the  
17 United States.

18 (28) "Tangible net worth" means the physical worth of a licensee,  
19 calculated by taking a licensee's assets and subtracting its  
20 liabilities and its intangible assets, such as copyrights, patents,  
21 intellectual property, and goodwill.

22 (29) "Unsafe or unsound practice" means a practice or conduct by  
23 a licensee or an authorized delegate which creates the likelihood of  
24 material loss, insolvency, or dissipation of the licensee's assets,  
25 or otherwise materially prejudices the financial condition of the  
26 licensee or the interests of its customers.

27 (30) "Virtual currency" means a digital representation of value  
28 used as a medium of exchange, a unit of account, or a store of value,  
29 but does not have legal tender status as recognized by the United  
30 States government. "Virtual currency" does not include the software  
31 or protocols governing the transfer of the digital representation of  
32 value or other uses of virtual distributed ledger systems to verify  
33 ownership or authenticity in a digital capacity when the virtual  
34 currency is not used as a medium of exchange.

35 (31) "Virtual currency address" means an alphanumeric identifier  
36 representing a destination for a virtual currency transfer that is  
37 associated with a virtual currency wallet.

38 (32) "Virtual currency transaction kiosk" means an electronic  
39 information processing device that is capable of accepting or  
40 dispensing cash in exchange for a virtual currency.

1       (33) "Virtual currency transaction kiosk transaction" means:  
2       (a) A transaction conducted or performed, in whole or in part, by  
3       electronic means via a virtual currency transaction kiosk; or

4       (b) A transaction made at a virtual currency transaction kiosk to  
5       purchase currency with fiat currency or to sell virtual currency for  
6       fiat currency.

7       (34) "Virtual currency wallet" means a software application or  
8       other mechanism providing a means for holding, storing, and  
9       transferring virtual currency.

10       NEW SECTION. Sec. 6. This act takes effect January 1, 2026.

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