

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Digital Asset Kiosks Act.

6 Section 5. Purpose and construction. The purpose of this
7 Act is to protect the People of Illinois against the fraud and
8 scams in digital asset kiosk transactions by providing
9 necessary registration requirements, disclosures, and other
10 safeguards for customers. This Act shall be liberally
11 construed to effectuate its purpose.

12 Section 10. Definitions. As used in this Act:

13 "Affiliate" means any person that controls, is controlled
14 by, or is under common control with another person. As used in
15 this paragraph, "control" means the possession, direct or
16 indirect, of the power to direct or cause the direction of the
17 management and policies of a person.

18 "Applicant" means a person that applies for registration
19 under this Act.

20 "Bank" means a bank, savings bank, savings-and-loan
21 association, savings association, or industrial loan company
22 chartered under the laws of this State or any other state or

1 under the laws of the United States.

2 "Blockchain analytics" means the analysis of data from
3 blockchains or public distributed ledgers, including
4 associated transaction information.

5 "Blockchain analytics software" means a software service
6 that uses blockchain analytics data to provide risk-specific
7 information about digital asset wallet addresses, among other
8 things.

9 "Charges" means: (i) fees or expenses paid by the
10 customer; and (ii) the difference between the market price of
11 the digital asset and the price of the digital asset charged to
12 the customer.

13 "Confidential supervisory information" means information
14 or documents obtained by employees, agents, or representatives
15 of the Department in the course of any examination,
16 investigation, audit, visit, registration, certification,
17 review, licensing, or any other regulatory or supervisory
18 activity pursuant to this Act, and any record prepared or
19 obtained by the Department to the extent that the record
20 summarizes or contains information derived from any report,
21 document, or record described in this Act.

22 "Credit union" means a credit union chartered under the
23 laws of this State or any other state or under the laws of the
24 United States.

25 "Department" means the Department of Financial and
26 Professional Regulation.

1 "Digital asset" means a digital representation of value
2 that is used as a medium of exchange, unit of account, or store
3 of value and that is not fiat currency, whether or not
4 denominated in fiat currency. "Digital asset" does not include
5 any of the following: (i) a digital representation of value
6 which a merchant grants, as part of an affinity or rewards
7 program, and that cannot be taken from or exchanged with the
8 merchant for fiat currency or a digital asset; (ii) a digital
9 representation of value that is issued by or on behalf of a
10 game publisher, used solely within a gaming platform, has no
11 market or application outside of such gaming platform, and
12 cannot be converted into, or redeemed for, fiat currency or
13 digital assets; or (iii) a digital representation of value
14 that is used as part of prepaid cards.

15 "Digital asset exchange" means an exchange that
16 facilitates the buying, selling, or exchanging of digital
17 assets for fiat currency or other digital assets that is
18 licensed to conduct business in New York as a Virtual Currency
19 Business Activity licensee or in California under the Digital
20 Financial Assets Law.

21 "Digital asset kiosk" means an automated teller machine
22 that facilitates the buying, selling, or exchanging of digital
23 assets for fiat currency or other digital assets.

24 "Digital asset kiosk operator" means a registrant or a
25 person required to register pursuant to this Act.

26 "Existing customer" means a person who transacts with the

1 operator following the new customer period. For the avoidance
2 of doubt, "existing customer" includes any customer that is
3 not a new customer.

4 "Federally insured depository institution" shall mean an
5 insured depository institution as defined by Section 3(c)(2)
6 of the Federal Deposit Insurance Act, 12 U.S.C. 1813(c)(2), as
7 amended, or an insured credit union as defined by Section
8 101(7) of the Federal Credit Union Act, 12 U.S.C. 1752(7), as
9 amended.

10 "Fiat currency" means a medium of exchange or unit of
11 value issued by the United States or a foreign government and
12 that is designated as legal tender in its country of issuance.

13 "Insolvent" means any of the following: (i) having
14 generally ceased to pay debts in the ordinary course of
15 business other than as a result of a bona fide dispute, (ii)
16 being unable to pay debts as they become due, and (iii) being
17 insolvent within the meaning of federal bankruptcy law.

18 "Market price of the digital asset" means the current
19 market price of a particular digital asset publicly quoted on
20 a digital asset exchange for a particular time, subject to any
21 rules adopted by the Department.

22 "New customer" means a person who has never previously
23 transacted with the operator. The new customer shall remain
24 defined as such during the earlier of: (i) the customer's
25 first 3 transactions after opening an account with the
26 operator, or (ii) 7 days after opening an account with the

1 operator.

2 "Operator" means a person who owns, operates, or manages a
3 digital asset kiosk located in this State.

4 "Person" means, without limitation, any individual,
5 corporation, business trust, estate, trust, partnership,
6 proprietorship, syndicate, limited liability company,
7 association, joint venture, government, governmental
8 subsection, agency or instrumentality, public corporation or
9 joint-stock company, or any other organization or legal or
10 commercial entity.

11 "Record" means information that is inscribed on a tangible
12 medium or that is stored in an electronic or other medium and
13 is retrievable in perceivable form.

14 "Registrant" means a person registered under this Act.

15 "Request for assistance" means all inquiries, complaints,
16 account disputes, and requests for documentation a digital
17 asset kiosk operator receives from residents.

18 "Responsible individual" means an individual who has
19 direct control over, or significant management, policy, or
20 decision-making authority with respect to, a person's digital
21 asset kiosk business activity in this State.

22 "Secretary" means the Secretary of Financial and
23 Professional Regulation and any authorized representative of
24 the Secretary.

25 "Service provider" means any person that provides a
26 material service to a digital asset kiosk operator in

1 connection with the offering or provision by that operator of
2 a digital asset business activity in this State, including a
3 person that either (i) participates in designing, operating,
4 or maintaining the digital asset business activity, or (ii)
5 processes transactions relating to a digital asset kiosk
6 transaction then unknowingly or incidentally transmitting or
7 processing financial data in a manner that the data is
8 undifferentiated from other types of data of the same form as
9 the person transmits or processes.

10 "Tangible net worth" means the aggregate assets of a
11 registrant, excluding all intangible assets, less liabilities,
12 as determined in accordance with the United States' generally
13 accepted accounting principles.

14 Section 15. General powers and duties.

15 (a) The Department shall have the following functions,
16 powers, and duties, in carrying out its responsibilities under
17 this Act:

18 (1) to issue or refuse to issue any registration or
19 other authorization under this Act;

20 (2) to revoke or suspend for cause any registration or
21 other authorization under this Act;

22 (3) to keep records of all registrations or other
23 authorizations under this Act;

24 (4) to receive, consider, investigate, and act upon
25 complaints made by any person relating to any digital

1 asset kiosk in this State;

2 (5) to prescribe the forms of and receive:

3 (A) applications for registrations or other
4 authorizations under this Act; and

5 (B) all reports and all books and records required
6 to be made under this Act;

7 (6) to subpoena documents and witnesses and compel
8 their attendance and production, to administer oaths, and
9 to require the production of any books, papers, or other
10 materials relevant to any inquiry authorized by this Act
11 or other law applicable to digital asset business activity
12 in this State;

13 (7) to issue orders against any person:

14 (A) if the Secretary has reasonable cause to
15 believe that an unsafe, unsound, or unlawful practice
16 has occurred, is occurring, or is about to occur;

17 (B) if any person has violated, is violating, or
18 is about to violate any law, rule, or written
19 agreement with the Secretary; or

20 (C) for the purpose of administering the
21 provisions of this Act or other applicable law.

22 (8) to address any inquiries to any digital asset
23 kiosk operator or the directors, officers, or employees of
24 the digital asset kiosk operator, or the affiliates or
25 service providers of the digital asset kiosk operator, in
26 relation to the digital asset kiosk operator's activities

1 and conditions or any other matter connected with its
2 affairs, and it shall be the duty of any person so
3 addressed to promptly reply in writing to those inquiries.
4 The Secretary may also require reports from any digital
5 asset kiosk operator at any time the Secretary chooses;

6 (9) to examine the books and records of every digital
7 asset kiosk operator, affiliate, or service provider;

8 (10) to enforce the provisions of this Act.

9 (11) to levy fees, fines, and civil penalties, charges
10 for services, and assessments to defray operating
11 expenses, including direct and indirect costs, of
12 administering this Act.

13 (12) to appoint examiners, supervisors, experts, and
14 special assistants as needed to effectively and
15 efficiently administer this Act.

16 (13) to conduct hearings for the purpose of carrying
17 out the purposes of this Act;

18 (14) to exercise visitorial power over a digital asset
19 kiosk operator, affiliate, or service provider;

20 (15) to enter into cooperative agreements with federal
21 and State regulatory authorities and to accept reports of
22 examinations from federal and State regulatory
23 authorities;

24 (16) to impose civil penalties against a digital asset
25 kiosk operator, affiliate, or service provider for failing
26 to respond to a regulatory request or reporting

1 requirement;

2 (17) to perform any other lawful acts necessary or
3 desirable to carry out the purposes and provisions of this
4 Act.

5 (b) The Department may share any information obtained
6 pursuant to this Act with law enforcement officials or other
7 regulatory agencies.

8 Section 20. Funds.

9 (a) All moneys collected or received by the Department
10 under this Act shall be deposited into the Digital Asset Kiosk
11 Fund. The amounts deposited into the Digital Asset Kiosk Fund
12 shall be used for the ordinary and contingent expenses of the
13 Department in administering this Act and other financial laws.
14 Nothing in this Act shall prevent the continuation of the
15 practice of paying expenses involving salaries, retirement,
16 social security, and State-paid insurance of State officers
17 and employees by appropriation from the General Revenue Fund
18 or any other fund. Moneys deposited into the Digital Asset
19 Kiosk Fund may be transferred to the Professions Indirect Cost
20 Fund or any other Department fund.

21 (b) The expenses of administering this Act, including
22 investigations and examinations provided for in this Act,
23 shall be borne by and assessed against persons regulated by
24 this Act. The Department may establish fees by rule, including
25 in the following categories:

(1) investigation of registrants and registration applicant fees;

(2) examination fees;

(3) contingent fees; and

(4) such other categories as may be required to administer this Act.

(c) The Department shall charge and collect fees from digital asset kiosk operators, which shall be nonrefundable unless otherwise indicated, for the expenses of administering this Act as follows:

(1) Each digital asset kiosk operator shall pay \$150 for each hour or part of an hour for each examiner or staff assigned to the supervision of the digital asset kiosk operator plus actual travel costs for any examination pursuant to the Act. Supervision of operators includes, but is not limited to, examination, audit, visit, registration, certification, review, investigation, or any other regulatory activity conducted pursuant to this Act.

(2) Each digital asset kiosk operator shall pay to the Department its pro rata share of the cost for administration of this Act that exceeds other fees listed in this Act, as estimated by the Department, for the current year and any deficit actually incurred in the administration of the Act in prior years. The total annual assessment for all registrants shall initially be divided into a transaction-based assessment. Each registrant's pro

1 rata share shall be based on the percentage of the total
2 United States dollar value of all digital asset kiosk
3 transactions by all registrants in Illinois per calendar
4 year.

5 (d) The Department may, by rule, amend any fees set forth
6 in this Act. The Department may establish additional fees by
7 rule as set forth in this Section.

8 Section 25. Daily transaction limit.

9 (a) A digital asset kiosk operator shall not accept or
10 dispense more than \$2,500 or equivalent monetary value in a
11 day from or to the same new customer through a digital asset
12 kiosk.

13 (b) A digital asset kiosk operator shall not accept or
14 dispense more than \$10,500 or the equivalent monetary value in
15 a day from or to any existing customer through a digital asset
16 kiosk.

17 Section 30. Customer charges limit. A digital asset kiosk
18 operator may not, directly or indirectly, collect charges from
19 a customer related to a single digital asset kiosk transaction
20 that exceeds the greater of the following:

21 (1) \$5; or

22 (2) 18% of digital assets involved in the transaction
23 according to the market price of the digital asset at the
24 time the customer initiates the transaction.

1 Section 35. Customer disclosures.

2 (a) Before engaging in each digital asset kiosk
3 transaction with a customer, a digital asset kiosk operator
4 shall provide written disclosure, in English and in the same
5 language principally used by the digital asset kiosk operator
6 to advertise, solicit, or negotiate with a customer,
7 containing the terms and conditions of the transaction that
8 include, at a minimum, all of the following:

9 (1) The amount of the digital assets involved in the
10 transaction.

11 (2) The amount, in United States dollars, of any
12 charges collected by the operator.

13 (3) The United States dollar price of the digital
14 assets that is charged to the customer and the United
15 States dollar market price of the digital assets.

16 (4) All procedures for providing refunds as required
17 by Section 45 of this Act and other methods to reverse or
18 refund a transaction offered by the digital asset kiosk
19 operator.

20 (5) A warning written prominently in bold type stating
21 the following: "Warning: Losses due to fraudulent or
22 accidental transactions may not be recoverable and
23 transactions are irreversible except as otherwise set
24 forth in this disclosure.".

25 (6) Digital assets are not legal tender, are not

1 backed by the government, and accounts and value balances
2 are not subject to Federal Deposit Insurance Corporation
3 or Securities Investor Protection Corporation protections.

4 (7) Legislative and regulatory changes or actions at
5 the State, federal, or international level may adversely
6 affect the use, transfer, exchange, and value of digital
7 assets.

8 (8) Some digital asset transactions shall be deemed to
9 be made when recorded on a public ledger, which is not
10 necessarily the date or time that the customer initiates
11 the transaction.

12 (9) The value of a digital asset may be derived from
13 the continued willingness of market participants to
14 exchange fiat currency for digital assets, which may
15 result in the potential for permanent and total loss of
16 value of a particular digital asset should the market for
17 that digital asset disappear.

18 (10) There is no assurance that a person who accepts a
19 digital asset as payment today will continue to do so in
20 the future.

21 (11) The volatility and unpredictability of the price
22 of a digital asset relative to fiat currency may result in
23 significant loss over a short period of time.

24 (12) The nature of digital assets may lead to an
25 increased risk of fraud or cyberattack.

26 (13) The nature of digital assets means that any

1 technological difficulties experienced by the digital
2 asset kiosk operator may prevent access or use of a
3 customer's digital assets.

4 (14) Any bond or trust account maintained by the
5 digital asset kiosk operator for the benefit of its
6 customers may not be sufficient to cover all losses
7 incurred by customers.

8 (b) The disclosures required by this Section shall be
9 clear and conspicuous and provided separately from any other
10 disclosure provided by the digital asset kiosk operator.

11 (c) A digital asset kiosk operator shall provide a
12 customer with a receipt for any transaction made at the
13 digital asset kiosk operator's digital asset kiosk that
14 includes all of the following information:

15 (1) The name of the customer.

16 (2) The date and time of the transaction.

17 (3) The name and contact information of the digital
18 asset kiosk operator.

19 (4) The amount of the digital assets and any digital
20 asset addresses involved in the transaction.

21 (5) The amount of United States dollars or other fiat
22 currency involved in the transaction.

23 (6) The amount, in United States dollars, of any
24 charges collected by the digital asset kiosk operator in
25 relation to the transaction.

26 (7) The amount, in United States dollars, of any

1 spread between the United States dollar price of the
2 digital asset that is charged to the customer and the
3 United States dollar market price of the digital asset.

4 (8) All procedures for providing refunds as required
5 by this Act and any other methods to reverse or refund the
6 transaction offered by the digital asset kiosk operator.

7 Section 40. Reporting physical addresses.

8 (a) A digital asset kiosk operator shall provide to the
9 Department a list of all physical addresses of digital asset
10 kiosks that the digital asset kiosk operator owns, operates,
11 or manages in this State, in a form prescribed by the
12 Department.

13 (b) A digital asset kiosk operator shall provide the
14 Department with updates to the list required by subsection (a)
15 of this Section within 30 days after any changes in a form
16 prescribed by the Department.

17 (c) The Department shall make the list required by
18 subsection (a) of this Section and contact information of each
19 digital asset kiosk operator available to the public on the
20 Department's website.

21 Section 41. Customer service. All digital asset kiosk
22 operators performing business in this State must provide live
23 customer service during kiosk operating hours. The customer
24 service toll-free number must be displayed on the digital

1 asset kiosk or on the digital asset kiosk screen.

2 Section 42. Prevention of fraudulent activity. All digital
3 asset kiosk operators must take reasonable steps to detect and
4 prevent fraud, including establishing and maintaining a
5 written anti-fraud policy.

6 Section 43. Blockchain analytics. All digital asset kiosk
7 operators must use blockchain analytics software to help
8 prevent transactions to wallets known to be affiliated with
9 fraudulent activity at the time of a transaction and to detect
10 transaction patterns indicative of fraud or other illicit
11 activities.

12 Section 44. Law enforcement access to investigative
13 information. All digital asset kiosk operators performing
14 business in this State must provide a dedicated communications
15 line for relevant government agencies through a posted U.S.
16 phone number or email address. This dedicated line shall
17 facilitate law enforcement and regulatory agency
18 communications with the digital asset kiosk operator in the
19 event of a fraud report from a customer. The communications
20 line must be frequently monitored.

21 Section 45. Refunds.

22 (a) A digital asset kiosk operator must issue a refund to a

1 new customer for the full amount for up to 3 fraudulent
2 transactions made within the new customer period, upon request
3 of the customer. To receive a refund under this subsection, a
4 new customer must:

5 (1) have been fraudulently induced to engage in a
6 transaction or transactions involving the digital asset
7 kiosk;

8 (2) within 30 days after the last transaction to occur
9 during the new customer period, contact the digital asset
10 kiosk operator to inform them of the fraudulent nature of
11 the transaction or transactions at issue; and

12 (3) within 60 days after the last transaction to occur
13 during the new customer period, submit a police report or
14 government agency report of the transaction or
15 transactions to the digital asset kiosk operator.

16 (b) A digital asset kiosk operator must issue a refund to
17 an existing customer for the full amount of all charges upon
18 request of an existing customer. To receive a refund under
19 this subsection, an existing customer must:

20 (1) have been fraudulently induced to engage in a
21 transaction or transactions involving the digital asset
22 kiosk;

23 (2) within 30 days after the transaction or
24 transactions at issue, contact the digital asset kiosk
25 operator to inform them of the fraudulent nature of the
26 transaction or transactions at issue; and

(3) within 60 days after the transaction or transactions at issue, submit a police report or government agency report of the transaction or transactions to the digital asset kiosk operator.

Section 50. Registration required.

(a) A person shall not operate a digital asset kiosk in this State unless the person is registered with the Department pursuant to this Act or exempt from this Act.

(b) A person with any operational digital asset kiosks in this State as of the effective date of this Act shall not be required to be registered with the Department until July 1, 2027.

Section 55. Applications.

(a) An application for a registration under this Act shall meet all of the following requirements:

(1) The application shall be in a form and medium prescribed by the Department.

(2) The application shall provide all of the following information:

(A) The name of the applicant and the address of the principal place of business of the applicant and the address of all locations and proposed locations of the applicant in this State.

(B) The form of business organization of the

1 applicant, including:

2 (i) a copy of its articles of incorporation
3 and amendments thereto and a certified copy of its
4 bylaws, if the applicant is a corporation;

5 (ii) a copy of its partnership agreement,
6 certified by a partner, if the applicant is a
7 partnership; or;

8 (iii) a copy of the documents that control its
9 organizational structure, certified by a managing
10 official, if the applicant is organized in some
11 other form.

12 (C) The name, the business and home address, and a
13 chronological summary of the business experience,
14 material litigation history, and felony convictions
15 over the preceding 10 years of:

16 (i) the proprietor, if the applicant is an
17 individual;

18 (ii) every partner, if the applicant is a
19 partnership;

20 (iii) each officer, director, and controlling,
21 person, if the applicant is a corporation; and

22 (iv) each person in a position to exercise
23 control over, or direction of, the business of the
24 applicant, regardless of the form of organization
25 of the applicant.

26 (D) Financial statements, not more than one year

1 old, prepared in accordance with generally accepted
2 accounting principles and audited by a licensed public
3 accountant or certified public accountant showing the
4 financial condition of the applicant and an unaudited
5 balance sheet and statement of operation as of the
6 most recent quarterly report before the date of the
7 application, certified by the applicant or an officer
8 or partner thereof. If the applicant is a wholly owned
9 subsidiary or is eligible to file consolidated federal
10 income tax returns with its parent, however, unaudited
11 financial statements for the preceding year along with
12 the unaudited financial statements for the most recent
13 quarter may be submitted if accompanied by the audited
14 financial statements of the parent company for the
15 preceding year along with the unaudited financial
16 statement for the most recent quarter.

17 (E) Filings of the applicant with the Securities
18 and Exchange Commission or similar foreign
19 governmental entity (English translation), if any.

20 (F) A list of all other states in which the
21 applicant is licensed, registered, or the equivalent
22 and whether the license, registration, or equivalent
23 of the applicant for those purposes has ever been
24 withdrawn, refused, canceled, or suspended in any
25 other state, with full details.

26 (G) A sample of any contracts, disclosures, or

1 terms of service applicable to its digital asset kiosk
2 operations.

3 (H) The name and business address of any digital
4 asset exchange or other person through which the
5 applicant intends to conduct any business regulated
6 under this Act.

7 (I) A surety bond as required by Section 70 of this
8 Act.

9 (J) A written statement that the applicant is in
10 full compliance with and agrees to continue to fully
11 comply with all State and federal statutes and
12 regulations relating to money laundering.

13 (K) All additional information the Secretary
14 considers necessary in order to determine whether to
15 issue the applicant a license under this Act.

16 (b) The application shall be accompanied by a
17 nonrefundable fee of \$5,000 to cover the costs of application
18 review.

19 (c) With good cause, the Secretary may waive, in part, any
20 of the requirements of this Section.

21 Section 60. Refusal to issue registration.

22 (a) The Secretary may refuse to issue or a registration
23 if: (i) the application does not comply with this Act; (ii) the
24 proposed business operations do not comply with this Act;
25 (iii) the competence, experience, and integrity of the

1 officers, directors, controlling persons, and proposed
2 management personnel, if the applicant is a corporation, or
3 the competence, experience, and integrity of the owners,
4 partners, and proposed management personnel, if the applicant
5 is a partnership or other entity however organized, indicate
6 that it is not in the interest of the public to permit the
7 applicant to be registered under this Act; or (iv)
8 registration is otherwise not in the best interest of the
9 public.

10 (b) The Secretary shall issue a formal written notice of
11 the denial of a license application within 30 days after the
12 decision to deny the application. The Secretary shall set
13 forth the specific reasons for the denial of the application
14 in the notice of denial and serve the applicant, either
15 personally or by certified mail. Service by certified mail
16 shall be deemed completed when the notice is deposited into
17 the U.S. Mail. An applicant whose application is denied by the
18 Secretary under this Section may submit a written request for
19 a hearing that shall include the particular reasons why the
20 applicant believes that the decision to deny the application
21 was incorrect, within 10 days after service of the notice of
22 the denial. If an applicant submits a timely request for a
23 hearing, the Secretary shall schedule a hearing after the
24 request for a hearing unless otherwise agreed to by the
25 parties. The Secretary shall conduct hearings pursuant to this
26 Section and in accordance with 38 Ill. Adm. Code 100, as

1 amended or recodified.

2 Section 65. Renewal.

3 (a) A registration under this Act shall be renewed
4 annually.

5 (b) A registrant shall submit a renewal report, in a form
6 and in a medium prescribed by the Secretary by December 1 of
7 each year. The form requires any information deemed necessary
8 by the Secretary to review a renewal application. At a
9 minimum, the renewal report must state or contain a
10 description of each material change in information submitted
11 by the registration in its original registration application
12 or in its business operations which has not been reported to
13 the Secretary.

14 (c) The Secretary may grant an extension of the renewal
15 date.

16 Section 70. Surety bond.

17 (a) An applicant for a registration must provide, and a
18 registrant at all times must maintain, security consisting of
19 a surety bond in a form satisfactory to the Secretary. The bond
20 shall run to the State of Illinois for the benefit of any
21 claimant against the applicant or registrant with respect to
22 any operations regulated by this Act. A claimant damaged by a
23 breach of the conditions of a bond shall have a right to action
24 upon the bond for damages suffered thereby and may bring suit

1 directly on the bond, or the Secretary may bring suit on behalf
2 of the claimant.

3 (b) The amount of the required security bond shall be the
4 greater of \$100,000 or an amount equal to 100% of the monthly
5 dollar value of all digital asset kiosk transactions in this
6 State calculated for the most recently completed quarter, up
7 to a maximum of \$2,000,000.

8 Section 75. Tangible net worth.

9 (a) A registrant under this Act shall maintain at all
10 times a tangible net worth of the greater of \$100,000 or 3% of
11 total assets for the first \$100,000,000, 2% of additional
12 assets for \$100,000,000 to \$1,000,000,000, and 0.5% of
13 additional assets for over \$1,000,000,000.

14 (b) Notwithstanding subsection (a), the Secretary shall
15 have discretionary authority to exempt, in part or in whole,
16 from the requirements of this Section any applicant or
17 registrant.

18 Section 85. Enforcement generally.

19 (a) Upon written notice to a digital asset kiosk operator,
20 the Secretary may suspend or revoke any registration issued
21 pursuant to this Act if, in the notice, the Secretary makes a
22 finding of one or more of the following:

23 (1) that any fact or condition exists that, if it had
24 existed at the time of the original application for the

1 registration, would have warranted the Secretary in
2 refusing originally to issue the registration; or

3 (2) that if a registrant is other than an individual,
4 any ultimate equitable owner, officer, director, or member
5 of the registration partnership, association, corporation,
6 or other entity has acted or failed to act in a way that
7 would be cause for suspending or revoking a registration
8 to that party as an individual; and

9 (3) any ground set forth in subsection (1).

10 (b) No registration shall be suspended or revoked, except
11 as provided in this Section, nor shall any digital asset kiosk
12 operator be fined without notice of the right to a hearing as
13 provided in this Section.

14 (c) The Secretary, on good cause shown that an emergency
15 exists, may suspend any registration for a period not
16 exceeding 180 days, pending investigation.

17 (d) No revocation, suspension, or surrender of any
18 registration shall impair or affect the obligation of any
19 preexisting lawful contract between the registrant and any
20 person.

21 (e) Every registration issued under this Act shall remain
22 in force and effect until the registration expires without
23 renewal, is surrendered, is revoked, or is suspended in
24 accordance with the provisions of this Act, but the Secretary
25 shall have authority to reinstate a suspended registration or
26 to issue a new registration to a digital asset kiosk operator

1 whose registration has been revoked if no fact or condition
2 then exists which would have warranted the Secretary in
3 refusing originally to issue that registration under this Act.

4 (f) Whenever the Secretary revokes or suspends a
5 registration issued pursuant to this Act or fines a digital
6 asset kiosk operator under this Act, the Secretary shall
7 execute a written order to that effect. The Secretary shall
8 serve a copy of the order upon the digital asset kiosk
9 operator.

10 (g) If the Secretary finds any digital asset kiosk
11 operator in violation of the grounds set forth in subsection
12 (1), the Secretary may enter an order imposing one or more of
13 the following penalties:

14 (1) revocation of registration;

15 (2) suspension of a registration subject to
16 reinstatement upon satisfying all reasonable conditions
17 the Secretary may specify;

18 (3) placement of the digital asset kiosk operator or
19 applicant on probation for a period of time and subject to
20 all reasonable conditions as the Secretary may specify;

21 (4) issuance of a reprimand;

22 (5) imposition of a fine not to exceed \$25,000 for
23 each count of separate offense; except that a fine may be
24 imposed that shall not exceed \$75,000 for each separate
25 count of offense in violation of paragraph (2) or (14) of
26 subsection (1);

- (6) denial of a registration application; or
- (7) restitution for the benefit of any person

(h) The Secretary may issue a new registration to a digital asset kiosk operator whose registration has been revoked when facts or conditions which clearly would have warranted the Secretary in refusing originally to issue the registration no longer exist.

(i) For every order issued pursuant to this Section, the Secretary shall serve the digital asset kiosk operator with notice of the Secretary's action, including a statement of the reasons for the actions, either personally or by certified mail. Service by certified mail shall be deemed completed when the notice is deposited in the U.S. mail.

(j) Any order issued pursuant to this Section shall take effect upon service of the order unless the digital asset kiosk operator requests a hearing, in writing, within 10 days after the date of service. If a hearing is requested, the order shall be stayed until a final administrative order is entered except for an emergency revocation and suspension as set forth subsection (c).

(1) If the digital asset kiosk operator requests a hearing, the Secretary shall schedule a hearing within 90 days after the request for a hearing unless otherwise agreed to by the parties.

(2) The hearing shall be held at the time and place designated by the Secretary. The Secretary and any

1 administrative law judge designated by the Secretary shall
2 have the power to administer oaths and affirmations,
3 subpoena witnesses and compel their attendance, take
4 evidence, and require the production of books, papers,
5 correspondence, and other records or information that the
6 Secretary or the Secretary's designated administrative law
7 judge considers relevant or material to the inquiry.

8 (k) The costs of administrative hearings conducted
9 pursuant to this Section shall be paid by the digital asset
10 kiosk operator.

11 (l) The following acts shall constitute grounds for which
12 the disciplinary actions specified in subsection (g) may be
13 taken:

14 (1) being convicted or found guilty, regardless of
15 pendency of an appeal, of a crime in any jurisdiction that
16 involves fraud, dishonest dealing, or any other act of
17 moral turpitude;

18 (2) fraud, misrepresentation, deceit, or negligence in
19 any relation to any transaction regulated under this Act;

20 (3) a material or intentional misstatement of fact on
21 an initial or renewal application;

22 (3.5) any fact or condition exists that, if it had
23 existed at the time of the original application for the
24 registration, would have warranted the Secretary in
25 refusing to originally issue the registration;

26 (4) insolvency or filing under any provision of the

1 United States Bankruptcy Code as a debtor;

2 (5) failure to account or deliver to any person any
3 property, such as any money, fund, deposit, check, draft,
4 or other document or thing of value, that has come into a
5 digital asset kiosk operator's hands and that is not the
6 digital asset kiosk operator's property or that the
7 digital asset kiosk operator is not in law or equity
8 entitled to retain, under the circumstances and at the
9 time which has been agreed upon or is required by law, or,
10 in the absence of a fixed time, upon demand of the person
11 entitled to the accounting and delivery;

12 (6) failure to disburse funds in accordance with
13 agreements;

14 (7) having a registration, or the equivalent, to
15 practice any profession or occupation or operate any
16 business revoked, suspended, or otherwise acted against,
17 including the denial of licensure by a licensing authority
18 of this State or another State, territory, or country, for
19 fraud, dishonest dealing, or any other act of moral
20 turpitude;

21 (8) failure to comply with an order of the Secretary;

22 (9) engaging in activities regulated by this Act
23 without a current, active registration unless specifically
24 exempted by this Act;

25 (10) failure to pay in a timely manner any fee,
26 charge, or fine under this Act;

(11) failure to maintain, preserve, and keep available for examination all books, accounts, or other documents required by the provisions of this Act;

(12) refusing, obstructing, evading, or unreasonably delaying an investigation, information request, or examination authorized under this Act, or refusing, obstructing, evading, or unreasonably delaying compliance with the Secretary's subpoena or subpoena duces tecum;

(13) failure to comply with or a violation of any provision of this Act; and

(14) any unfair, deceptive, or abusive business practice.

Section 90. Cease and desist order.

(a) The Secretary may issue a cease and desist order to any digital asset kiosk operator doing business without the required registration, when in the opinion of the Secretary the digital asset kiosk operator is violating or is about to violate any provision of this Act or requirement imposed in writing by the Department as a condition of granting any authorization permitted by this Act. The cease and desist order permitted by this Section may be issued before a hearing.

(b) The Secretary shall serve notice of the Secretary's action, including, but not limited to, a statement of the reasons for the action, either personally or by certified

1 mail. Service by certified mail shall be deemed completed when
2 the notice is deposited in the U.S. Mail.

3 (c) Within 10 days after service of the cease and desist
4 order, the digital asset kiosk operator may request a hearing
5 in writing. The Secretary shall schedule a hearing within 90
6 days after the request for a hearing unless otherwise agreed
7 to by the parties.

8 (d) If it is determined that the Secretary had the
9 authority to issue the cease and desist order, the Secretary
10 may issue such orders as may be reasonably necessary to
11 correct, eliminate, or remedy the conduct.

12 (e) The powers vested in the Secretary by this Section are
13 in addition to any and all other powers and remedies vested in
14 the Secretary by law, and nothing in this Section shall be
15 construed as requiring that the Secretary shall employ the
16 power conferred in this subsection instead of or as a
17 condition precedent to the exercise of any other power or
18 remedy vested in the Secretary.

19 Section 95. Civil action. A claim of violation of Sections
20 25, 30, and 45 of this Act may be asserted in a civil action.
21 Additionally, a prevailing resident may be awarded reasonable
22 attorney's fees and court costs.

23 Section 100. Rulemaking.

24 (a) The Department may adopt rules to implement the

1 provisions of this Act, including, but not limited to:

2 (1) rules in connection with the activities of digital
3 asset kiosk operators as may be necessary and appropriate
4 for the protection of persons in this State;

5 (2) rules as may be necessary and appropriate to
6 define improper or fraudulent business practices in
7 connection with the activities of digital asset kiosk
8 operators and digital asset kiosks;

9 (3) rules that define the terms used in this Act and as
10 may be necessary and appropriate to interpret and
11 implement the provisions of this Act; and

12 (4) rules as may be necessary for the implementation,
13 enforcement and administration of this Act.

14 (b) The Secretary is hereby authorized and empowered to
15 make specific rulings, demands, and findings that the
16 Secretary deems necessary for the proper conduct of operators.

17 Section 105. Appeal and review.

18 (a) The Department may, in accordance with the Illinois
19 Administrative Procedure Act, adopt rules to provide for
20 review within the Department of the Secretary's decisions
21 affecting the rights of persons under this Act. The review
22 shall provide for, at a minimum:

23 (1) appointment of a hearing officer;

24 (2) appropriate procedural rules, specific deadlines
25 for filings, and standards of evidence and of proof; and

(3) provision for apportioning costs among parties to the appeal.

(b) All final agency determinations of appeals to decisions of the Secretary may be reviewed in accordance with and under the provisions of the Administrative Review Law. Appeals from all final orders and judgments entered by a court in review of any final administrative decision of the Secretary or of any final agency review of a decision of the Secretary may be taken as in other civil cases.

(c) The Secretary shall conduct hearings pursuant to this Section and in accordance with 38 Ill. Adm. Code 100, as amended or recodified from time to time.

Section 110. Evasion. An agreement, contract, or transaction that is structured to evade the scope of this Act shall be deemed to fall within the scope of this Act.

Section 115. Injunction. The Secretary may, through the Attorney General, maintain an action in the name of the people of the State of Illinois and may apply for an injunction in the Circuit Court to enjoin a person from violating this Act.

Section 120. Applicability. This Act governs any digital asset kiosk located in this State.

Section 125. Exemptions.

(a) This Act does not apply to the following persons:

(1) The United States; other states or political subdivisions of another state; agencies or instrumentalities of the federal government, another state, or local government; or a foreign government or a subdivision, department, agency, or instrumentality of a foreign government.

(2) A federally insured depository institution.

(3) A credit union with member share accounts insured by an insurer approved by the credit union's primary financial regulatory agency. An out-of-State credit union may not conduct any activity in this State that is not authorized for a credit union chartered under the laws of this State.

(b) Nothing in this Act grants persons described in this subsection (a) the authority to engage in any activity not otherwise granted under existing law.

(c) Notwithstanding any other provision of this Act, the Department, by rule or order, may conditionally or unconditionally exempt any person, or any class of person or classes of persons, digital asset, or transaction from any provision of this Act or any rule adopted pursuant to this Act, to the extent that the exemption is necessary or appropriate, in the public interest, and consistent with the protection of residents.

1 Section 800. If and only if Senate Bill 1797 of the 104th
2 General Assembly, as amended by House Amendment No. 1, becomes
3 law, then Sections 15, 20, 50, 55, 60, 65, 70, 75, 85, 90, 105,
4 115, 120, and 125 of this Act are repealed on the date that
5 Senate Bill 1797 of the 104th General Assembly becomes law.

6 Section 900. The State Finance Act is amended by adding
7 Section 5.1030 as follows:

8 (30 ILCS 105/5.1030 new)

9 Sec. 5.1030. The Digital Asset Kiosk Fund. If and only if
10 Senate Bill 1797 of the 104th General Assembly, as amended by
11 House Amendment No. 1, becomes law, this Section is repealed.

12 Section 997. Severability. The provisions of this Act are
13 severable under Section 1.31 of the Statute on Statutes.

14 Section 999. Effective date. This Act takes effect upon
15 becoming law.