
DIVISION OF BANKING

1714 Lincoln Avenue, Suite 2, Pierre, SD 57501
605-773-3421

MEMORANDUM

NUMBER: 20-035
DATE: June 1, 2026
TO: SOUTH DAKOTA MONEY TRANSMITTERS
FROM: BRET AFDAHL, Director
RE: NEW MONEY TRANSMITTER LEGISLATION

The following is a summary of Senate Bill 98 (SB 98). SB 98 was introduced by the Senate Commerce and Energy Committee and signed into law by Governor Larry Rhoden. SB 98 will become effective on July 1, 2026. I would encourage you to review SB 98 in detail at your convenience at the following link: [2026 Senate Bill 98 - SD Legislature prevent virtual currency kiosk fraud.](#)

If you would like additional information regarding SB 98, or if you have any questions, please do not hesitate to contact the South Dakota Division of Banking at 605-773-3421.

Senate Bill 98

SB 98 puts improved safeguards in place to protect South Dakota consumers from fraud being perpetrated through virtual currency kiosks located throughout South Dakota. Currently, virtual currency kiosk operators profit from the fraud occurring against South Dakota residents. SB 98 will provide incentives and add requirements for virtual currency kiosk operators in South Dakota to prevent these frauds.

SB 98 includes fifteen sections:

- Section 1 –Definitions.
- Section 2 – Licensing: virtual currency kiosk operators in South Dakota are required to be licensed as money transmitters pursuant to SDCL Chapter 51A-17.
- Section 3 – Annual Reporting: in addition to the license renewal requirements for all South Dakota money transmitters, virtual currency kiosk operators are required to submit annual reports to the Division that provide information related to transaction amounts and values, complaints, refunds, locations in South Dakota, and Bank Secrecy Act reporting.
- Section 4 – Quarterly Reports: in addition to the quarterly reporting requirements for all South Dakota money transmitters, virtual currency kiosk operators are required to submit quarterly reports to the Division that provide information related to details about their operations in South Dakota and their virtual currency kiosk locations in South Dakota.

- Section 5 – Receipts: in addition to the receipt requirements for all South Dakota money transmitters, virtual currency kiosk operators are required to provide additional information on receipts, including exchange rate and fee disclosures.
- Section 6 – Disclosures: virtual currency operators in South Dakota are required to provide disclosures that include fraud warnings, general risks of virtual currency kiosk transactions, and lack of government backing or insurance to cover losses.
- Section 7 – Refunds: virtual currency kiosk operators in South Dakota are required to issue refunds to South Dakota customers that are victims of fraud if certain conditions are met.
- Section 8 – Daily Transaction Limits: virtual currency kiosk operators in South Dakota are subject to daily and monthly transaction limits of \$1,000 and \$10,000, respectively.
- Section 9 – Transaction Charge Limits: virtual currency kiosk operators in South Dakota are subject to a limit on transaction charges of 25%.
- Section 10 – Customer Service: at a minimum, virtual currency kiosk operators in South Dakota are required to provide live customer service support between 8 am – 10 pm local time.
- Section 11 – Law Enforcement Access: virtual currency kiosk operators in South Dakota must provide a dedicated communication method for law enforcement and regulators.
- Section 12 – Reasonable Steps to Prevent Fraud and Money Laundering: virtual currency kiosk operators in South Dakota must take reasonable steps to detect and prevent fraud and money laundering, including establishing appropriate written anti-fraud and BSA policies.
- Section 13 – Blockchain Analytics: virtual currency kiosk operators in South Dakota must use blockchain analytics to detect and prevent fraud and illicit activities by blocking transactions intended for wallet addresses reasonably likely or known to be connected to fraudulent activity.
- Section 14 – Customer Identification: virtual currency kiosk operators in South Dakota must verify the identity of users prior to accepting payment from the users.
- Section 15 – Training: virtual currency kiosk operators in South Dakota must train staff at locations of kiosks and are prohibited from preventing staff from educating users about fraud.