



House of Representatives

General Assembly

File No. 270

January Session, 2025

Substitute House Bill No. 6990

House of Representatives, March 26, 2025

The Committee on Banking reported through REP. DOUCETTE of the 13th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE SEIZURE AND FORFEITURE OF DIGITAL WALLETS AND VIRTUAL CURRENCY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 54-36a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2025*):

4 (a) As used in this section, sections 53-278c and 54-36c: (1)
5 "Contraband" means any property, the possession of which is
6 prohibited by any provision of the general statutes; (2) ["stolen
7 property" shall include, but not be limited to, cash or the proceeds from
8 the sale of such property obtained by theft or other illegal means; (3)]
9 "digital wallet" means any electronic or digital functionality that (A)
10 stores account or payment credentials for a consumer, including, but not
11 limited to, in encrypted or tokenized form, and (B) transmits, routes or
12 otherwise processes such stored account or payment credentials to
13 facilitate a consumer payment transaction; (3) "owner" means a person
14 or persons entitled to seized property as a matter of law or fact; (4)

15 "property" includes, but is not limited to, digital wallets and virtual
16 currency; (5) "stolen property" includes, but is not limited to, cash,
17 digital wallets, virtual currency or the proceeds from the sale of such
18 property obtained by theft or other illegal means; and (6) "virtual
19 currency" has the same meaning as provided in section 36a-596.

20 Sec. 2. Section 54-36h of the general statutes is repealed and the
21 following is substituted in lieu thereof (*Effective October 1, 2025*):

22 (a) As used in this section, (1) "digital wallet" means any electronic or
23 digital functionality that (A) stores account or payment credentials for a
24 consumer, including, but not limited to, in encrypted or tokenized form,
25 and (B) transmits, routes or otherwise processes such stored account or
26 payment credentials to facilitate a consumer payment transaction; (2)
27 "property" includes, but is not limited to, digital wallets and virtual
28 currency; and (3) "virtual currency" has the same meaning as provided
29 in section 36a-596.

30 [(a)] (b) The following property shall be subject to forfeiture to the
31 state pursuant to subsection [(b)] (c) of this section:

32 (1) All moneys used, or intended for use, in the procurement,
33 manufacture, compounding, processing, delivery or distribution of any
34 controlled substance, as defined in section 21a-240;

35 (2) All property constituting the proceeds obtained, directly or
36 indirectly, from any sale or exchange of any such controlled substance
37 in violation of section 21a-277 or 21a-278;

38 (3) All property derived from the proceeds obtained, directly or
39 indirectly, from any sale or exchange for pecuniary gain of any such
40 controlled substance in violation of section 21a-277 or 21a-278;

41 (4) All property used or intended for use, in any manner or part, to
42 commit or facilitate the commission of a violation for pecuniary gain of
43 section 21a-277 or 21a-278; and

44 (5) All property constituting, or derived from, the proceeds obtained,

45 directly or indirectly, by a corporation as a result of a violation of section
46 53a-276, 53a-277 or 53a-278.

47 [(b)] (c) Not later than ninety days after the seizure of moneys or
48 property subject to forfeiture pursuant to subsection [(a)] (b) of this
49 section, in connection with a lawful criminal arrest or a lawful search
50 that results in an arrest, the Chief State's Attorney or a deputy chief
51 state's attorney, state's attorney or assistant or deputy assistant state's
52 attorney may petition the court in the nature of a proceeding in rem to
53 order forfeiture of said moneys or property. Such proceeding shall be
54 deemed a civil suit in equity, in which the state shall have the burden of
55 proving all material facts by clear and convincing evidence. The court
56 shall identify the owner of said moneys or property and any other
57 person as appears to have an interest therein, and order the state to give
58 notice to such owner and any interested person by certified or registered
59 mail. No testimony offered or evidence produced by such owner or
60 interested person at such hearing and no evidence discovered as a result
61 of or otherwise derived from such testimony or evidence, may be used
62 against such owner or interested person in any proceeding, except that
63 no such owner or interested person shall be immune from prosecution
64 for perjury or contempt committed while giving such testimony or
65 producing such evidence. At such hearing the court shall hear evidence
66 and make findings of fact and enter conclusions of law and shall issue a
67 final order, from which the parties shall have such right of appeal as
68 from a decree in equity.

69 [(c)] (d) The court shall hold a hearing on the petition filed pursuant
70 to subsection [(a)] (b) of this section not more than two weeks after the
71 criminal proceeding that occurred as a result of the arrest has been
72 nolle, dismissed or otherwise disposed of. The court shall deny the
73 petition and return the property to the owner if the criminal proceeding
74 does not result in (1) a plea of guilty or nolo contendere to any offense
75 charged in the same criminal information, (2) a guilty verdict after trial
76 to a forfeiture-eligible offense for which the property was possessed,
77 controlled, designed or intended for use, or which was or had been used
78 as a means of committing such offense, or which constitutes the

79 proceeds of the commission of such offense, or (3) a dismissal resulting
80 from the completion of a pretrial diversionary program.

81 [(d)] (e) No property shall be forfeited under this section to the extent
82 of the interest of an owner or lienholder by reason of any act or omission
83 committed by another person if such owner or lienholder did not know
84 and could not have reasonably known that such property was being
85 used or was intended to be used in, or was derived from, criminal
86 activity.

87 [(e)] (f) Notwithstanding the provisions of subsection [(a)] (b) of this
88 section, no moneys or property used or intended to be used by the
89 owner thereof to pay legitimate attorney's fees in connection with his
90 defense in a criminal prosecution shall be subject to forfeiture under this
91 section.

92 [(f)] (g) Any property ordered forfeited pursuant to subsection [(b)]
93 (c) of this section shall be sold at public auction conducted by the
94 Commissioner of Administrative Services or his designee.

95 [(g)] (h) The proceeds from any sale of property under subsection [(f)]
96 (g) of this section and any moneys forfeited under this section shall be
97 applied: (1) To payment of the balance due on any lien preserved by the
98 court in the forfeiture proceedings; (2) to payment of any costs incurred
99 for the storage, maintenance, security and forfeiture of such property;
100 and (3) to payment of court costs. The balance, if any, shall be deposited
101 in the drug assets forfeiture revolving account established under section
102 54-36i.

103 Sec. 3. Section 54-36o of the general statutes is repealed and the
104 following is substituted in lieu thereof (*Effective October 1, 2025*):

105 (a) As used in this section, (1) "digital wallet" means any electronic or
106 digital functionality that (A) stores account or payment credentials for a
107 consumer, including, but not limited to, in encrypted or tokenized form,
108 and (B) transmits, routes or otherwise processes such stored account or
109 payment credentials to facilitate a consumer payment transaction; (2)

110 "property" includes, but is not limited to, digital wallets and virtual
111 currency; and (3) "virtual currency" has the same meaning as provided
112 in section 36a-596.

113 ~~[(a)]~~ (b) All property constituting, or derived from, the proceeds
114 obtained, directly or indirectly, by a person as a result of a violation of
115 section 53a-129a of the general statutes, revision of 1958, revised to
116 January 1, 2003, or section 53a-127g, 53a-129b, 53a-129c, 53a-129d, 53a-
117 129e, 53a-130, 21-120 or 21-121 shall be subject to forfeiture to the state
118 pursuant to subsection ~~[(b)]~~ (c) of this section.

119 ~~[(b)]~~ (c) Not later than ninety days after the seizure of property subject
120 to forfeiture pursuant to subsection ~~[(a)]~~ (b) of this section, in connection
121 with a lawful arrest or a lawful search that results in an arrest, the Chief
122 State's Attorney or a deputy chief state's attorney, state's attorney or
123 assistant or deputy assistant state's attorney may petition the court in
124 the nature of a proceeding in rem to order forfeiture of said moneys or
125 property. Such proceeding shall be deemed a civil suit in equity, in
126 which the state shall have the burden of proving all material facts by
127 clear and convincing evidence. The court shall identify the owner of
128 such property and any other person as appears to have an interest
129 therein, and order the state to give notice to such owner and any
130 interested person by certified or registered mail. No testimony offered
131 or evidence produced by such owner or interested person at such
132 hearing and no evidence discovered as a result of or otherwise derived
133 from such testimony or evidence, may be used against such owner or
134 interested person in any proceeding, except that no such owner or
135 interested person shall be immune from prosecution for perjury or
136 contempt committed while giving such testimony or producing such
137 evidence. At such hearing the court shall hear evidence and make
138 findings of fact and enter conclusions of law and shall issue a final order,
139 from which the parties shall have such right of appeal as from a decree
140 in equity.

141 ~~[(c)]~~ (d) The court shall hold a hearing on the petition filed pursuant
142 to subsection ~~[(a)]~~ (b) of this section not more than two weeks after the

143 criminal proceeding that occurred as a result of the arrest has been
144 nulled, dismissed or otherwise disposed of. The court shall deny the
145 petition and return the property to the owner if the criminal proceeding
146 does not result in (1) a plea of guilty or nolo contendere to any offense
147 charged in the same criminal information, (2) a guilty verdict after trial
148 to a forfeiture-eligible offense for which the property was possessed,
149 controlled, designed or intended for use, or which was or had been used
150 as a means of committing such offense, or which constitutes the
151 proceeds of the commission of such offense, or (3) a dismissal resulting
152 from the completion of a pretrial diversionary program.

153 ~~[(d)]~~ (e) No property shall be forfeited under this section to the extent
154 of the interest of an owner or lienholder by reason of any act or omission
155 committed by another person if such owner or lienholder did not know
156 and could not have reasonably known that such property was being
157 used or was intended to be used in, or was derived from, criminal
158 activity.

159 ~~[(e)]~~ (f) Notwithstanding the provisions of subsection ~~[(a)]~~ (b) of this
160 section, no property used or intended to be used by the owner thereof
161 to pay legitimate attorney's fees in connection with his defense in a
162 criminal prosecution shall be subject to forfeiture under this section.

163 ~~[(f)]~~ (g) Any property ordered forfeited pursuant to subsection ~~[(b)]~~
164 (c) of this section shall be sold at public auction conducted by the
165 Commissioner of Administrative Services.

166 ~~[(g)]~~ (h) The proceeds from any sale of property under subsection ~~[(f)]~~
167 (g) of this section shall be applied: (1) To payment of the balance due on
168 any lien preserved by the court in the forfeiture proceedings; (2) to
169 payment of any costs incurred for the storage, maintenance, security
170 and forfeiture of such property; and (3) to payment of court costs. The
171 balance, if any, shall be deposited in the privacy protection guaranty
172 and enforcement account established under section 42-472a.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2025</i>	54-36a(a)
Sec. 2	<i>October 1, 2025</i>	54-36h
Sec. 3	<i>October 1, 2025</i>	54-36o

Statement of Legislative Commissioners:

In Section 2(b)(4), "and" was added at the end of the Subdiv. for consistency with standard drafting conventions.

BA *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal
Correction, Dept.; Judicial Dept. (Probation)	GF - Potential Cost	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which clarifies that digital wallets and virtual currency are subject to certain property laws, results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential revenue gain to the General Fund from fines, to the extent that additional violations are prosecuted. On average, the marginal cost to the state for incarcerating an offender for the year is \$3,300¹ while the average marginal cost for supervision in the community is less than \$600² each year for adults and \$450 each year for juveniles.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the actual number of violations.

¹ Inmate marginal cost is based on increased consumables (e.g., food, clothing, water, sewage, living supplies, etc.) This does not include a change in staffing costs or utility expenses because these would only be realized if a unit or facility opened.

² Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

OLR Bill Analysis**sHB 6990*****AN ACT CONCERNING THE SEIZURE AND FORFEITURE OF
DIGITAL WALLETS AND VIRTUAL CURRENCY.*****SUMMARY**

This bill explicitly includes digital wallets and virtual currency in the property subject to the state's laws on (1) seizing property associated with a criminal arrest or under a search warrant and (2) forfeiting property related to illegally selling controlled substances, money laundering, or committing certain identity theft crimes.

For purposes of these laws, the bill specifies that a "digital wallet" is an electronic or digital functionality that (1) stores consumer account or payment credentials (e.g., in encrypted or tokenized form) and (2) transmits, routes, or otherwise processes the credentials in a consumer payment transaction. "Virtual currency" is generally a digital unit (1) used as a medium of exchange or form of digitally stored value or (2) incorporated into payment system technology. It includes digital units of exchange that have a centralized repository or administrator, are decentralized without a centralized repository or administrator, or may be created or obtained by computing or manufacturing.

The bill makes associated conforming changes.

EFFECTIVE DATE: October 1, 2025

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/11/2025)