



House of Representatives

File No. 907

General Assembly

January Session, 2025

(Reprint of File No. 270)

Substitute House Bill No. 6990
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 12, 2025

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

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

1 Section 1. (NEW) (*Effective July 1, 2026*) (a) As used in this section, (1)
2 "property" includes, but is not limited to, virtual currency and virtual
3 currency wallets; (2) "virtual currency" has the same meaning as
4 provided in section 36a-596 of the general statutes; (3) "virtual currency
5 kiosk" has the same meaning as provided in section 36a-596 of the
6 general statutes; and (4) "virtual currency wallet" has the same meaning
7 as provided in section 36a-596 of the general statutes.

8 (b) The following property shall be subject to forfeiture to the state
9 pursuant to subsection (c) of this section:

10 (1) All virtual currency possessed, controlled, designed or used as a
11 means of committing a violation of section 53a-122, 53a-123, 53a-124,
12 53a-125, 53a-125a or 53a-125b of the general statutes, or that constitutes

13 the proceeds of the commission of a violation of section 53a-122, 53a-
14 123, 53a-124, 53a-125, 53a-125a or 53a-125b of the general statutes; and

15 (2) All virtual currency wallets, including the contents thereof, even
16 if such contents are commingled with other property, that are possessed,
17 controlled, designed or used as a means of committing a violation of
18 section 53a-122, 53a-123, 53a-124, 53a-125, 53a-125a or 53a-125b of the
19 general statutes, or that constitute the proceeds of the commission of a
20 violation of section 53a-122, 53a-123, 53a-124, 53a-125, 53a-125a or 53a-
21 125b of the general statutes.

22 (c) Not later than ninety days after the seizure of virtual currency or
23 a virtual currency wallet subject to forfeiture pursuant to subsection (b)
24 of this section, in connection with a lawful criminal arrest or a lawful
25 search, the Chief State's Attorney or a deputy chief state's attorney,
26 state's attorney or assistant or deputy assistant state's attorney may
27 petition the court in the nature of a proceeding in rem to order forfeiture
28 of such virtual currency or virtual currency wallet. Such forfeiture
29 proceeding shall be deemed a civil suit in equity, in which the state shall
30 have the burden of proving all material facts by clear and convincing
31 evidence. The court shall identify the owner of such virtual currency or
32 virtual currency wallet and any other person who appears to have an
33 interest therein, and order the state to give notice to such owner and any
34 interested person by certified or registered mail or, if the Chief State's
35 Attorney or a deputy chief state's attorney, state's attorney or assistant
36 or deputy assistant state's attorney demonstrates that notice by other
37 means, including, but not limited to, electronic means, would be
38 sufficient and appropriate under the circumstances, by such other
39 means. The court shall promptly, but not less than two weeks after such
40 notice has been given, hold a hearing on the petition. No testimony
41 offered or evidence produced by such owner or interested person at
42 such hearing, and no evidence discovered as a result of or otherwise
43 derived from such testimony or evidence, may be used against such
44 owner or interested person in any proceeding, except that no such
45 owner or interested person shall be immune from prosecution for
46 perjury or contempt committed while giving such testimony or

47 producing such evidence. At such hearing, the court shall hear evidence,
48 make findings of fact, enter conclusions of law and issue a final order
49 from which the parties shall have such right of appeal as from a decree
50 in equity.

51 (d) No property shall be forfeited under this section to the extent of
52 the interest of an owner or lienholder by reason of any act or omission
53 committed by another person if such owner or lienholder did not know
54 and could not have reasonably known that such property was being
55 used or was intended to be used in, or was derived from, criminal
56 activity.

57 (e) Notwithstanding the provisions of subsection (b) of this section,
58 no property used or intended to be used by the owner thereof to pay
59 legitimate attorney's fees in connection with such owner's defense in a
60 criminal prosecution shall be subject to forfeiture under this section.

61 (f) Any property forfeited under this section shall be used to
62 compensate the victims who suffer a pecuniary loss as a result of the
63 violation of section 53a-122, 53a-123, 53a-124, 53a-125, 53a-125a or 53a-
64 125b of the general statutes that gives rise to the forfeiture of such
65 property.

66 (g) Nothing in this section shall be construed as authorizing the
67 seizure or forfeiture of a virtual currency kiosk.

68 Sec. 2. Subsection (a) of section 54-36a of the general statutes is
69 repealed and the following is substituted in lieu thereof (*Effective July 1,*
70 *2026*):

71 (a) As used in this section, sections 53-278c and 54-36c: (1)
72 "Contraband" means any property, the possession of which is
73 prohibited by any provision of the general statutes; (2) ["stolen
74 property" shall include, but not be limited to, cash or the proceeds from
75 the sale of such property obtained by theft or other illegal means; (3)]
76 "owner" means a person or persons entitled to seized property as a
77 matter of law or fact; (3) "property" includes, but is not limited to, virtual

78 currency and virtual currency wallets; (4) "stolen property" includes, but
79 is not limited to, cash, virtual currency, virtual currency wallets or the
80 proceeds from the sale of such property obtained by theft or other illegal
81 means; (5) "virtual currency" has the same meaning as provided in
82 section 36a-596; and (6) "virtual currency wallet" has the same meaning
83 as provided in section 36a-596.

84 Sec. 3. Section 54-36h of the general statutes is repealed and the
85 following is substituted in lieu thereof (*Effective July 1, 2026*):

86 (a) As used in this section, (1) "property" includes, but is not limited
87 to, virtual currency and virtual currency wallets; (2) "virtual currency"
88 has the same meaning as provided in section 36a-596; and (3) "virtual
89 currency wallet" has the same meaning as provided in section 36a-596.

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

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

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

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

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

104 (5) All property constituting, or derived from, the proceeds obtained,
105 directly or indirectly, by a corporation as a result of a violation of section
106 53a-276, 53a-277 or 53a-278.

107 [(b)] (c) Not later than ninety days after the seizure of moneys or
108 property subject to forfeiture pursuant to subsection [(a)] (b) of this
109 section, in connection with a lawful criminal arrest or a lawful search
110 that results in an arrest, the Chief State's Attorney or a deputy chief
111 state's attorney, state's attorney or assistant or deputy assistant state's
112 attorney may petition the court in the nature of a proceeding in rem to
113 order forfeiture of said moneys or property. Such proceeding shall be
114 deemed a civil suit in equity, in which the state shall have the burden of
115 proving all material facts by clear and convincing evidence. The court
116 shall identify the owner of said moneys or property and any other
117 person as appears to have an interest therein, and order the state to give
118 notice to such owner and any interested person by certified or registered
119 mail or, if the property seized is virtual currency or a virtual currency
120 wallet and the Chief State's Attorney or a deputy chief state's attorney,
121 state's attorney or assistant or deputy assistant state's attorney
122 demonstrates that notice by other means, including, but not limited to,
123 electronic means, would be sufficient and appropriate under the
124 circumstances, by such other means. No testimony offered or evidence
125 produced by such owner or interested person at such hearing and no
126 evidence discovered as a result of or otherwise derived from such
127 testimony or evidence, may be used against such owner or interested
128 person in any proceeding, except that no such owner or interested
129 person shall be immune from prosecution for perjury or contempt
130 committed while giving such testimony or producing such evidence. At
131 such hearing the court shall hear evidence and make findings of fact and
132 enter conclusions of law and shall issue a final order, from which the
133 parties shall have such right of appeal as from a decree in equity.

134 [(c)] (d) The court shall hold a hearing on the petition filed pursuant
135 to subsection [(a)] (c) of this section not more than two weeks after the
136 criminal proceeding that occurred as a result of the arrest has been
137 nolle, dismissed or otherwise disposed of. The court shall deny the
138 petition and return the property to the owner if the criminal proceeding
139 does not result in (1) a plea of guilty or nolo contendere to any offense
140 charged in the same criminal information, (2) a guilty verdict after trial

141 to a forfeiture-eligible offense for which the property was possessed,
142 controlled, designed or intended for use, or which was or had been used
143 as a means of committing such offense, or which constitutes the
144 proceeds of the commission of such offense, or (3) a dismissal resulting
145 from the completion of a pretrial diversionary program.

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

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

157 [(f)] (g) Any property ordered forfeited pursuant to subsection [(b)]
158 (c) of this section shall be sold at public auction conducted by the
159 Commissioner of Administrative Services or [his] the commissioner's
160 designee.

161 [(g)] (h) The proceeds from any sale of property under subsection [(f)]
162 (g) of this section and any moneys forfeited under this section shall be
163 applied: (1) To payment of the balance due on any lien preserved by the
164 court in the forfeiture proceedings; (2) to payment of any costs incurred
165 for the storage, maintenance, security and forfeiture of such property;
166 and (3) to payment of court costs. The balance, if any, shall be deposited
167 in the drug assets forfeiture revolving account established under section
168 54-36i.

169 Sec. 4. Section 54-36o of the general statutes is repealed and the
170 following is substituted in lieu thereof (*Effective July 1, 2026*):

171 (a) As used in this section, (1) "property" includes, but is not limited

172 to, virtual currency and virtual currency wallets; (2) "virtual currency"
173 has the same meaning as provided in section 36a-596; and (3) "virtual
174 currency wallet" has the same meaning as provided in section 36a-596.

175 [(a)] (b) All property constituting, or derived from, the proceeds
176 obtained, directly or indirectly, by a person as a result of a violation of
177 section 53a-129a of the general statutes, revision of 1958, revised to
178 January 1, 2003, or section 53a-127g, 53a-129b, 53a-129c, 53a-129d, 53a-
179 129e, 53a-130, 21-120 or 21-121 shall be subject to forfeiture to the state
180 pursuant to subsection [(b)] (c) of this section.

181 [(b)] (c) Not later than ninety days after the seizure of property subject
182 to forfeiture pursuant to subsection [(a)] (b) of this section, in connection
183 with a lawful arrest or a lawful search that results in an arrest, the Chief
184 State's Attorney or a deputy chief state's attorney, state's attorney or
185 assistant or deputy assistant state's attorney may petition the court in
186 the nature of a proceeding in rem to order forfeiture of said moneys or
187 property. Such proceeding shall be deemed a civil suit in equity, in
188 which the state shall have the burden of proving all material facts by
189 clear and convincing evidence. The court shall identify the owner of
190 such property and any other person as appears to have an interest
191 therein, and order the state to give notice to such owner and any
192 interested person by certified or registered mail or, if the property seized
193 is virtual currency or a virtual currency wallet and the Chief State's
194 Attorney or a deputy chief state's attorney, state's attorney or assistant
195 or deputy assistant state's attorney demonstrates that notice by other
196 means, including, but not limited to, electronic means, would be
197 sufficient and appropriate under the circumstances, by such other
198 means. No testimony offered or evidence produced by such owner or
199 interested person at such hearing and no evidence discovered as a result
200 of or otherwise derived from such testimony or evidence, may be used
201 against such owner or interested person in any proceeding, except that
202 no such owner or interested person shall be immune from prosecution
203 for perjury or contempt committed while giving such testimony or
204 producing such evidence. At such hearing the court shall hear evidence
205 and make findings of fact and enter conclusions of law and shall issue a

206 final order, from which the parties shall have such right of appeal as
207 from a decree in equity.

208 [(c)] (d) The court shall hold a hearing on the petition filed pursuant
209 to subsection [(a)] (c) of this section not more than two weeks after the
210 criminal proceeding that occurred as a result of the arrest has been
211 nolle, dismissed or otherwise disposed of. The court shall deny the
212 petition and return the property to the owner if the criminal proceeding
213 does not result in (1) a plea of guilty or nolo contendere to any offense
214 charged in the same criminal information, (2) a guilty verdict after trial
215 to a forfeiture-eligible offense for which the property was possessed,
216 controlled, designed or intended for use, or which was or had been used
217 as a means of committing such offense, or which constitutes the
218 proceeds of the commission of such offense, or (3) a dismissal resulting
219 from the completion of a pretrial diversionary program.

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

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

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

234 [(g)] (h) The proceeds from any sale of property under subsection [(f)]
235 (g) of this section shall be applied: (1) To payment of the balance due on
236 any lien preserved by the court in the forfeiture proceedings; (2) to
237 payment of any costs incurred for the storage, maintenance, security

238 and forfeiture of such property; and (3) to payment of court costs. The
239 balance, if any, shall be deposited in the privacy protection guaranty
240 and enforcement account established under section 42-472a.

241 Sec. 5. Section 54-36p of the general statutes is repealed and the
242 following is substituted in lieu thereof (*Effective July 1, 2026*):

243 (a) As used in this section, (1) "property" includes, but is not limited
244 to, virtual currency and virtual currency wallets; (2) "virtual currency"
245 has the same meaning as provided in section 36a-596; and (3) "virtual
246 currency wallet" has the same meaning as provided in section 36a-596.

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

249 (1) All moneys used, or intended for use, in a violation of subdivision
250 (3) of subsection (a) of section 53-21 or section 53a-86, 53a-87, 53a-88,
251 53a-90a, 53a-189a, 53a-189b, 53a-192a, 53a-196a, 53a-196b, 53a-196c or
252 53a-196i;

253 (2) All property constituting the proceeds obtained, directly or
254 indirectly, from a violation of subdivision (3) of subsection (a) of section
255 53-21 or section 53a-86, 53a-87, 53a-88, 53a-90a, 53a-189a, 53a-189b, 53a-
256 192a, 53a-196a, 53a-196b, 53a-196c or 53a-196i;

257 (3) All property derived from the proceeds obtained, directly or
258 indirectly, from a violation of subdivision (3) of subsection (a) of section
259 53-21 or section 53a-86, 53a-87, 53a-88, 53a-90a, 53a-189a, 53a-189b, 53a-
260 192a, 53a-196a, 53a-196b, 53a-196c or 53a-196i; and

261 (4) All property used or intended for use, in any manner or part, to
262 commit or facilitate the commission of a violation of subdivision (3) of
263 subsection (a) of section 53-21 or section 53a-83, 53a-86, 53a-87, 53a-88,
264 53a-90a, 53a-189a, 53a-189b, 53a-192a, 53a-196a, 53a-196b, 53a-196c or
265 53a-196i.

266 ~~[(b)]~~ (c) Not later than ninety days after the seizure of moneys or
267 property subject to forfeiture pursuant to subsection ~~[(a)]~~ (b) of this

268 section, in connection with a lawful criminal arrest or a lawful search
269 that results in an arrest, the Chief State's Attorney or a deputy chief
270 state's attorney, state's attorney or assistant or deputy assistant state's
271 attorney may petition the court in the nature of a proceeding in rem to
272 order forfeiture of such moneys or property. Such proceeding shall be
273 deemed a civil suit in equity in which the state shall have the burden of
274 proving all material facts by clear and convincing evidence. The court
275 shall identify the owner of such moneys or property and any other
276 person as appears to have an interest therein, and order the state to give
277 notice to such owner and any interested person, including any victim of
278 the crime with respect to which such moneys or property were seized,
279 by certified or registered mail or, if the property seized is virtual
280 currency or a virtual currency wallet and the Chief State's Attorney or a
281 deputy chief state's attorney, state's attorney or assistant or deputy
282 assistant state's attorney demonstrates that notice by other means,
283 including, but not limited to, electronic means, would be sufficient and
284 appropriate under the circumstances, by such other means. No
285 testimony offered or evidence produced by such owner or interested
286 person at such hearing and no evidence discovered as a result of or
287 otherwise derived from such testimony or evidence may be used against
288 such owner or interested person in any proceeding, except that no such
289 owner or interested person shall be immune from prosecution for
290 perjury or contempt committed while giving such testimony or
291 producing such evidence. At such hearing, the court shall hear evidence
292 and make findings of fact and enter conclusions of law and shall issue a
293 final order from which the parties shall have such right of appeal as
294 from a decree in equity.

295 [(c)] (d) The court shall hold a hearing on the petition filed pursuant
296 to subsection [(a)] (b) of this section not more than two weeks after the
297 criminal proceeding that occurred as a result of the arrest has been
298 nolle, dismissed or otherwise disposed of. The court shall deny the
299 petition and return the property to the owner if the criminal proceeding
300 does not result in (1) a plea of guilty or nolo contendere to any offense
301 charged in the same criminal information, (2) a guilty verdict after trial

302 to a forfeiture-eligible offense for which the property was possessed,
303 controlled, designed or intended for use, or which was or had been used
304 as a means of committing such offense, or which constitutes the
305 proceeds of the commission of such offense, or (3) a dismissal resulting
306 from the completion of a pretrial diversionary program.

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

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

318 ~~[(f)]~~ (g) Any property ordered forfeited pursuant to subsection ~~[(b)]~~
319 (c) of this section shall be sold at public auction conducted by the
320 Commissioner of Administrative Services or the commissioner's
321 designee.

322 ~~[(g)]~~ (h) The proceeds from any sale of property under subsection ~~[(f)]~~
323 (g) of this section and any moneys forfeited under this section shall be
324 applied: (1) To payment of the balance due on any lien preserved by the
325 court in the forfeiture proceedings; (2) to payment of any costs incurred
326 for the storage, maintenance, security and forfeiture of any such
327 property; and (3) to payment of court costs. The balance, if any, shall be
328 deposited in the Criminal Injuries Compensation Fund established in
329 section 54-215.

330 Sec. 6. Subsection (a) of section 54-33a of the general statutes is
331 repealed and the following is substituted in lieu thereof (*Effective July 1,*
332 *2026*):

333 (a) As used in sections 54-33a to 54-33g, inclusive, as amended by this
334 act, (1) "property" includes, but is not limited to, documents, books,
335 papers, films, recordings, records, data, [and] any other tangible thing,
336 [; and] virtual currency and virtual currency wallets; (2) "tracking
337 device" means an electronic or mechanical device that permits the
338 tracking of the movement of a person or object; (3) "virtual currency"
339 has the same meaning as provided in section 36a-596; and (4) "virtual
340 currency wallet" has the same meaning as provided in section 36a-596.

341 Sec. 7. Section 53a-275 of the general statutes is repealed and the
342 following is substituted in lieu thereof (*Effective July 1, 2026*):

343 For the purposes of this section and sections 53a-276 to 53a-282,
344 inclusive:

345 (1) "Monetary instrument" means coin or currency of the United
346 States or of any other country, travelers' checks, personal checks, bank
347 checks, money orders, negotiable investment securities or negotiable
348 instruments in bearer form or otherwise in such form that title thereto
349 passes upon delivery.

350 (2) "Equivalent property" means property that may be readily
351 converted into, or exchanged for, United States or foreign currency or
352 coin, including gold, silver or platinum bullion or coins, diamonds,
353 emeralds, rubies, sapphires or other precious stones, stamps, [or] airline
354 tickets, virtual currency or virtual currency wallets or the contents
355 thereof, or any other property that is intended to be so converted or
356 exchanged.

357 (3) "Felony" means a felony under the laws of this state or a criminal
358 offense committed in another jurisdiction punishable under the laws of
359 that jurisdiction by death or a term of imprisonment exceeding one year.

360 (4) "Exchange", in addition to its ordinary meaning, means purchase,
361 sale, loan, pledge, gift, transfer, delivery, deposit, withdrawal or
362 extension of credit.

363 (5) "Virtual currency" has the same meaning as provided in section
364 36a-596.

365 (6) "Virtual currency wallet" has the same meaning as provided in
366 section 36a-596.

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

Section 1	July 1, 2026	New section
Sec. 2	July 1, 2026	54-36a(a)
Sec. 3	July 1, 2026	54-36h
Sec. 4	July 1, 2026	54-36o
Sec. 5	July 1, 2026	54-36p
Sec. 6	July 1, 2026	54-33a(a)
Sec. 7	July 1, 2026	53a-275

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 \$
State Revenues	Various - Potential Revenue Gain	None	See Below
Correction, Dept.; Judicial Dept. (Probation)	GF - Potential Cost	None	Minimal
Resources of the General Fund	GF - Potential Revenue Gain	None	Minimal

Note: Various=Various; GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
All Municipalities	Potential Revenue Gain	None	See Below
Various Municipal Police Departments	Potential Revenue Gain	None	See Below

Explanation

The bill, which clarifies that digital wallets and virtual currency are subject to certain property laws, results in 1) a potential revenue gain to the state, to local police departments, and to municipalities for new property subject to forfeiture, 2) a potential cost to the Department of Correction and to the Judicial Department for incarceration or probation, and 3) a potential revenue gain to the General Fund from fines.

The bill also includes digital wallets and virtual currency in forfeiture processes which results in a potential revenue gain to the state and to

municipalities beginning in FY 27 to the extent that this subjects more property to the forfeiture process.

The bill also 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 beginning in FY 27 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.

House "A" strikes the language and impact of the underlying bill resulting in the fiscal impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, property and assets subject to forfeiture, and actual violations.

Sources: *State Laws on Asset Forfeiture and Money Laundering (OLR Research Report)*
2024-R-0110

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 (as amended by House "A")******AN ACT CONCERNING THE SEIZURE AND FORFEITURE OF
DIGITAL WALLETS AND VIRTUAL CURRENCY.*****SUMMARY**

This bill establishes a process for state forfeiture of virtual currency and virtual currency wallets possessed, controlled, designed, or used as a way to commit larceny or that are proceeds of a larceny. The hearing process is similar to that under existing laws for forfeiting property related to criminal activity (e.g., the state must prove facts authorizing the forfeiture by clear and convincing evidence), but the state must begin the proceeding within 90 days after seizing the items and the hearing must occur at least two weeks after notice is made about the proceeding, rather than occurring after the criminal proceeding concludes. The bill requires the forfeited currency and wallets to be used to compensate victims with money-related loss from the involved crime.

The bill explicitly includes virtual currency and virtual currency wallets in the property subject to the state's existing laws on (1) issuing a search warrant or seizing property associated with a criminal arrest or under a search warrant and (2) forfeiting property related to drug and money laundering, identity theft, and sexual exploitation, prostitution, and human trafficking crimes.

For the currency or wallet forfeiture as part of a drug, money laundering, identity theft, sexual exploitation, prostitution, or human trafficking crime, the bill allows the court to order that notice about the proceeding be made by means other than notifying the property owner and other interested persons by certified or registered mail. But it may only do so if the prosecutor (chief state's attorney or other attorney in

his office) shows that the alternate method, which may include electronic means, would be sufficient and appropriate under the circumstances. Forfeited property in these cases is sold at public auction with the proceeds used for, among other things, paying liens, property preservation costs, and court costs.

Lastly, the bill makes technical and conforming changes, such as correspondingly explicitly including virtual currency and virtual currency wallets in the embezzlement statute's definition of "equivalent property," which is property that can be readily converted into fiat currency.

*House Amendment "A" replaces the original bill (File 270) which only explicitly included digital wallets and virtual currency in the property subject to certain property forfeiture laws.

EFFECTIVE DATE: July 1, 2026

VIRTUAL CURRENCY FORFEITURE FOR LARCENY

Scope

The bill generally makes virtual currency and virtual currency wallets (but not a virtual currency kiosk) possessed, controlled, designed, or used as a way to commit larceny, or that are proceeds of a larceny, subject to state forfeiture. For the wallets, the forfeiture includes their contents even if it is commingled with other property.

By law, larceny is wrongfully taking, obtaining, or withholding property from another person with the intent to deprive that person of the property or to appropriate it to another person (CGS § 53a-119). A person can commit larceny in a number of ways including through embezzlement, extortion, or obtaining property by false pretenses or promises. The degree of the crime varies by things like the form of committing the crime and value of property involved.

Process

The bill gives a prosecutor 90 days after the seizure of virtual currency or a virtual currency wallet that is subject to forfeiture as part

of a lawful criminal arrest or search to bring a civil action against the property to order its forfeiture.

Under the bill, the court must identify the currency's or wallet's owner and anyone else who appears to have an interest in it. It must order the state to notify these parties about the proceeding by certified or registered mail, unless the prosecutor shows that that an alternate method, which may include electronic means, would be sufficient and appropriate under the circumstances.

The bill requires a hearing on the state's petition to be held promptly, but at least two weeks after notice is made. At the hearing, the state must prove the material facts by clear and convincing evidence and the court must hear the evidence, make findings of fact, enter conclusions of law, and issue an appealable final order.

The bill prohibits testimony or other evidence from the owner or interested person at the hearing, or that is discovered due to that testimony or evidence, from being used against the owner or person in another proceeding unless it involves criminal prosecution for perjury or contempt in the forfeiture hearing.

Exemptions

The bill prohibits virtual currency or a virtual currency wallet forfeiture to the extent:

1. of the interest of an owner or lienholder who did not know or could not reasonably have known about its use, intended use, or that it was derived from criminal activity or
2. it was used or will be used by its owner for legitimate attorney's fees to defend against criminal prosecution.

BACKGROUND

Definitions

By law, "virtual currency" is 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 effort. It excludes digital units used:

1. solely in online gaming platforms with no other market or application or
2. exclusively in a consumer affinity or rewards program that (a) can be used only as payment for purchases with the issuer or another designated merchant and (b) cannot be converted into, or redeemed for, fiat currency.

A “virtual currency wallet” is a software application or other way to hold, store, and transfer virtual currency, and a “virtual currency kiosk” is an electronic terminal that acts as a mechanical agent of its owner or operator to help exchange virtual currency for fiat currency or other virtual currency (CGS § 36a-596).

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/11/2025)

Judiciary Committee

Joint Favorable

Yea 37 Nay 0 (04/25/2025)