

Florida's AI Bill of Rights and Virtual Currency Kiosk Act

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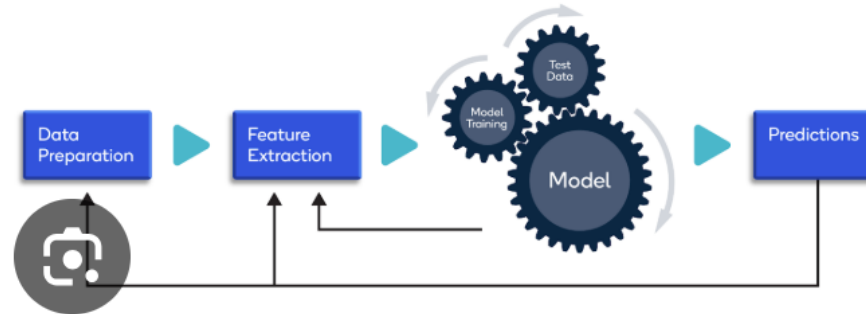
Patents – Trademarks – Copyrights
Computers - Emerging Technologies

Proposed AI laws – Effects on Emerging Technology

- A. Types of AI
- B. How is AI currently used
- C. Policy reasons behind the AI Bill of Rights
- D. Outline for AI Bill of Rights law
- E. Summary of pending AI laws
- F. Issues with these AI laws

Types of AI Engines

Machine learning (feedback looped) (circa 1970s)



Large Language Models (LLM)

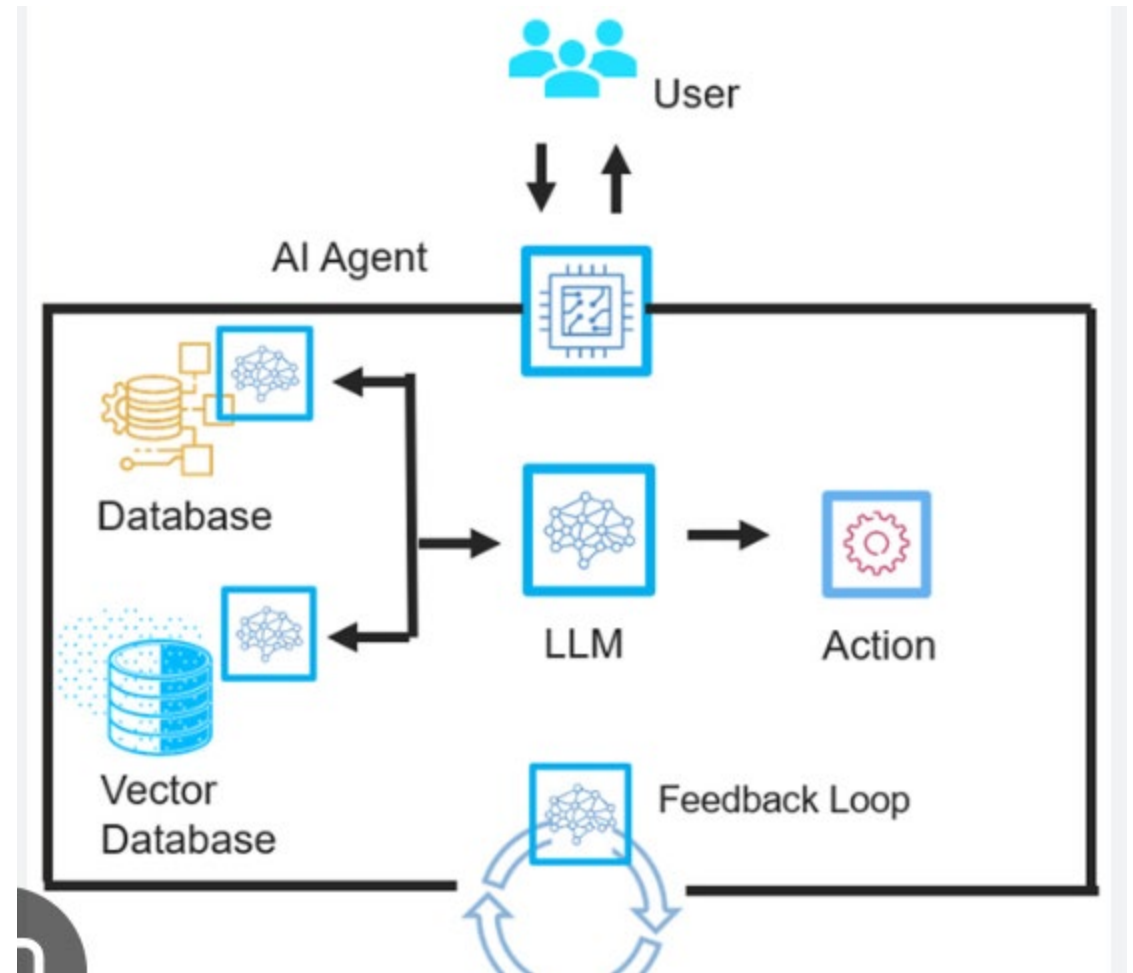
Content; Context (semiotic=syntactic, semantic, pragmatic); Taxonomic (circa Fall 2022)



Types of AI (cont'd)

Agentic AI Systems

- Multiple and layered data sets
- Training data sets
- Agent-driven
- Progressive user interactions



Some Critical Issues with all AI

1. AI outputs are, generally, an averaged result.
2. Without human guidance and interaction, an AI engine has no judgment intelligence.

i. Judgment is “the capacity to arbitrate among competing values and differences of opinion, to weigh considerations that matter independently but cannot be satisfied all at once, to consider several paths of action to alight on the best one. Judgment is the faculty we rely on when trade-offs are unavoidable and the right answer is not waiting to be computed. It is a uniquely human skill.” Humans Possess One Thing That A.I. Does Not: Judgment, N.Y. Times, Jan25, 2026.

3. Creativity is rarely an average result.

i. A team of composers and computer scientists used AI to complete Beethoven’s 10th symphony. When Beethoven died in March 1827, he left behind 40 sketches for a 10th unfinished symphony. The results: Meh, unimpressive, sloppy, the music was “suddenly interrupt[ed] with generic Beethoven pastiche music stripped of the qualities (drama, form) that make Beethoven great.” Nature of Things, Nov. 22, 2021.

Current AI Uses

1. Legal
 - a. Ediscovery – doc preparation
 - b. Initial research (Prompt AI: “Ask me what else you need to know to give me the most accurate response”) ABA Journal, Jan. 23, 2026
 - c. Refining preexisting doc
2. CRM – chatbots
3. Invention
 - a. new combinations of preexisting technology (DNA mapping; drug combinations; testing theoretical combinations)
4. Image creation
 - a. deep fakes (X Grok, 4.4 million images, of which at least 41 percent were sexualized images of women and children)
5. Entertainment
 - a. social media companion chatbots
 - b. audio visual works

Policies Driving Florida's Proposed AI Laws

- A. Regulation of AI Chatbots (CRM and social media-companion chatbots)
- B. Data Privacy – Consumer Protections
- C. Age-Related Account Creation, Access and Controls (17 years or younger)
- D. Florida's NIL law
 - (add “generative AI images” to the Unauthorized Publication of Name, Image, or Likeness Act, F.S. 540.08)
- E. Mandatory Human Review of Insurance Claims + AI Reports
- F. AI Used in Psychological, Clinical, Counseling, and Therapy Services

AI Chatbots - CRMs and Social Media (Companion Chatbots)

A. Age-Related Account Creation, Access and Controls

- Age verification (17 years or younger)
- Parental consent
- Parental controls (e.g., hourly/daily time OFF controls)
- Safety measures (user/parent notice when the AI system detects self-harm or harm to others)

B. Data Privacy (deidentification of personal identifying information (PII))

C. Violations: Florida' Unfair and Deceptive Trade Practices Act, FDUPTA (F.S. 501.201)

D. Enforcement by Florida's Attorney General (Department of Legal Affairs)

Insurance and Psychological, Clinical, Counseling Services

A. If an AI approves/disapproves/modifies payment of an insurance claim:

- a “qualified human professional” must review facts independent of AI, keep records, document changes in the claim, and notify the insured that an AI was used.
- Insurance Comm’r to promulgate rules

B. Cannot use AI “in the practice of psychology or school psychology” or “in the practice of clinical social work, marriage and family therapy, or mental health counseling.”

- Permitted usages are: admin or support services, scheduling, “drafting general communications ... that do not involve therapeutic advice”, billing, “preparing and managing patient records”, “analyzing data for operational purposes”.
- Licensee can use AI to: “Record or transcribe a counseling or therapy session if a licensee obtains written, informed consent at least 24 hours before the provision of services”.

Generative AI Images Added to Fla's Unauthorized Publication of Name, Image, or Likeness Act (NIL Law, F.S. 540.08)

- A. Definition of Generative AI: “a machine-based system that can, for a given set of human-defined objectives, emulate the structure and characteristics of input data in order to generate derived synthetic content, including images, videos, audio, text, and other digital content.”
- B. Significant amendments are proposed for F.S. 540.08 by adding the term “image” to the NIL law.
- C. NIL Law limited to commercial exploitation (unchanged)

Issues with these AI laws

A. Definitions: AI, Generative AI, Bot, Companion Chatbot

B. Most AI Engines suffer from “model collapse.”

- When generative AI systems train on their own outputs, when synthetic data contaminates subsequent training sets, they undergo progressive degradation. Each generation of models produces outputs slightly more distorted than the last. Outliers disappear. Distributions narrow.

C. No regulation of Processes: training, testing, and validating, including data sources, human-related protocols, and ongoing performance monitoring.

D. Companion Chatbot Exclusions:

- (a) CRM chatbots; (b) business productivity, analysis, source ID, internal research, technical assistance); (c) video games which “do[] not discuss ... mental health, self-harm, or material harmful to minors or maintain a dialogue on other topics unrelated to the video game;” and (d) stand-alone consumer electronic devices with speaker/voice command interface (see ALEXA device).

E. Questions and Comments.

Florida's Proposed Virtual Currency Kiosk Act

- A. What is Virtual Currency (VC)
- B. Policy reasons behind the VC Kiosk Act
- C. Outline of the VC Kiosk Act
- D. Issues

What is “VC” under Virtual Currency Kiosk Act

1. VC Kiosk Act amends Fla’s Money Services Business Act, Fla. Stat. 560.103, et seq., (herein the “MSB Act”)

2. VC is defined in the MSB Act:

“a medium of exchange in electronic or digital format that is not currency. The term does not include a medium of exchange in electronic or digital format that is: (a) Issued by ... a publisher [and] used solely within an online game ...; or (b) Used exclusively as part of a consumer affinity or rewards program ... applied solely as payment for purchases with the issuer ... but cannot be converted [or] redeemed for currency or another medium of exchange.” (F.S. 56-0.103(36))

3. General Examples of VC: Bitcoin, Ether, stablecoins (generally fiat-backed pegged stablecoins are Tether's USDT, Circle's USDC, and Binance's BUSD) blockchain coins/tokens, utility coins (digital assets designed to provide specific access, services, or functionality within a blockchain ecosystem rather than acting strictly as investments or currency), coins or tokens traded on or issued by distributed ledgers.

Policies Behind the Virtual Currency Kiosk Act

1. Florida has many VC kiosks permitting consumers to buy, sell and transfer VC.
2. VC kiosk theft in Florida involves scammers targeting seniors by coercing them to deposit cash into machines at local stores to "secure," what the scammers call, compromised bank accounts, leading to over \$107 M in losses in 2024 for those over 60. Often involve high-pressure, fraudulent calls and immediate, irreversible transfers of funds to scammer-controlled wallets.
3. Consumer-related requirements such as (i) notice to a consumer regarding fraud and strangers directing the consumer to engage in the VC transaction; and (b) a refund within 72 hours after the VC transaction if the consumer believes he or she was a suspect in a fraudulent, non-U.S. VC transaction.

VC Kiosk Act Outlined

1. Consumer fraud warning display.
2. “New customer” vs “existing customer” (fewer than 7 days)
3. Limit value of VC transactions (new customer cap \$2,000 per day; existing customer cap \$10,500 per day).
4. Detailed electronic receipt for all transactions (includes ID of all wallets)
5. Refunds: “full refund within 72 hours to a customer for the customer’s first virtual currency transaction if per calendar day if the customer notifies the owner or operator and if all of the following conditions are met: (a) The customer transferred virtual currency to a wallet or exchange located outside the United States. (b) Within 60 days 72 hours, the customer contacts both the owner or operator of the virtual currency kiosk and a law enforcement or governmental agency regarding the fraudulent nature of the transaction. (c) The customer provides proof of the alleged fraud to the owner or operator, such as a police report or a notarized affidavit.” (includes all suggested BDA edits)

Issues Regarding VC Kiosk Act

1. No Enforcement Provisions.
2. Only penalty imposed on the owner/operator is a refund to the defrauded consumer for non-U.S. transactions.
3. Without any enforcement provisions permitting the Florida Office of Financial Regulation (“OFR”) to take action against an errant VC kiosk owner or operator, the consumer provisions, such as the 72 hour refund (L. 88), do not subject such errant owner or operator to any penalty
4. Broaden the “wallet” definition.

Thank you



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