

# STATE OF NEW YORK

6515--A

2025-2026 Regular Sessions

## IN ASSEMBLY

March 5, 2025

Introduced by M. of A. VANEL -- read once and referred to the Committee on Codes -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the penal law, in relation to establishing certain offenses relating to crypto fraud

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Title K of the penal law is amended by adding a new article  
2 191 to read as follows:

3 ARTICLE 191  
4 CRYPTO FRAUD

5 Section 191.00 Definitions.

6 191.05 Penalties.

7 191.10 Virtual token fraud.

8 191.15 Illegal rug pulls.

9 191.20 Private key fraud.

10 § 191.00 Definitions.

11 For purposes of this article, the following terms shall have the  
12 following meanings:

13 1. "Virtual tokens" shall mean digital assets that exist on a block-  
14 chain;

15 2. "Class" shall mean a group of fungible or non-fungible tokens,  
16 irrespective of the amount created, that is intended by the developer to  
17 be:

18 (a) in the case of fungible tokens, valued and exchanged together; or

19 (b) in the case of non-fungible tokens, regarded as part of the same  
20 group of digital or physical items or valued together with the develop-  
21 ers' other non-fungible tokens based on the fact that the non-fungible  
22 tokens were created by a certain developer, taking into account the

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 developer's notoriety, sale volume, and how the developer is regarded  
2 within virtual token communities;

3 3. (a) "Developer" shall mean any person or entity that exercises  
4 significant influence or control over the creation, design, implementa-  
5 tion, or core functionality of a virtual token through:

6 (i) creating or substantially contributing to the technical code,  
7 smart contracts, or protocols that define the token's functionality;

8 (ii) having decision-making authority over significant technical  
9 changes or upgrades to the token or its underlying protocol; or

10 (iii) being publicly identified as the founding team creator, or  
11 primary development team for the token;

12 (b) The term "developer" shall not include persons who:

13 (i) merely provide technical services under the direction of others;

14 (ii) are passive investors who acquire tokens but do not participate  
15 in development; or

16 (iii) contribute to open-source protocols through non-core development  
17 in a decentralized manner;

18 4. "Non-fungible token" shall mean a virtual token used to denote on  
19 the blockchain ownership of any digital or physical item or any deriva-  
20 tive means thereof;

21 5. "Fungible token" shall mean any virtual token stored on the block-  
22 chain other than non-fungible tokens;

23 6. "Own", "owning" and "ownership" shall mean the means by which  
24 possession of a digital asset is noted on the blockchain or any deriva-  
25 tive means thereof;

26 7. "Wallet" shall mean a device, program, or service which stores the  
27 public and/or private keys for virtual token transactions;

28 8. "Burning" shall mean any method of someone making tokens inaccessi-  
29 ble to any person including themselves with the intention of doing so;

30 9. (a) "Rug pull" shall mean the act of a developer with respect to a  
31 class of virtual tokens where such developer, with intent to defraud:

32 (i) creates material misrepresentations or omissions regarding the  
33 development, utility, or intended purpose of the virtual tokens; and

34 (ii) subsequently sells a significant portion of their token holdings  
35 or abandons the project without delivering the promised functionality or  
36 utility, causing a substantial loss in token value primarily as a result  
37 of such actions rather than general market conditions;

38 (b) A sale of virtual tokens by a developer shall not constitute a rug  
39 pull where the developer:

40 (i) sells their token holdings pursuant to a token sales plan that is  
41 disclosed at the time the class of virtual tokens is first made avail-  
42 able to persons other than developers through a transparent vesting  
43 schedule or similar public declaration; or

44 (ii) the developer's token sales occur at intervals and in amounts  
45 consistent with reasonable business operations and ongoing project  
46 development;

47 10. "Blockchain" shall mean a cryptographically secured digital ledger  
48 or database that:

49 (a) functions as a mathematically verifiable, consensus-based mech-  
50 anism for maintaining a single version of a digital record across multi-  
51 ple computers or nodes; and

52 (b) uses a distributed ledger technology, or other similar technology,  
53 that is maintained by a decentralized network or participants who vali-  
54 date and record transactions through a predetermined consensus mech-  
55 anism; and

56 11. "Private key" shall mean a cryptographic secret key that:

1 (a) is mathematically related to a corresponding public key through an  
2 asymmetric cryptographic algorithm;

3 (b) enables the cryptographic proof of control over specific virtual  
4 tokens recorded on a blockchain;

5 (c) when applied to a digital signature algorithm, demonstrates owner-  
6 ship or control of specific virtual tokens or blockchain addresses; and

7 (d) is designed to remain solely in the possession of the owner of the  
8 associated virtual tokens.

9 § 191.05 Penalties.

10 Any person, partnership, corporation, company, trust or association,  
11 developer, or any agent or employee thereof who violates the provisions  
12 of this article shall be subject to a civil fine of not more than five  
13 million dollars or imprisoned not more than twenty years, or both,  
14 except that where such a person is a person other than a natural person,  
15 a fine not exceeding twenty-five million dollars.

16 § 191.10 Virtual token fraud.

17 A person, whether natural or otherwise, is guilty of virtual token  
18 fraud when such person engages in deceptive or fraudulent practice with  
19 the intent to deceive another in relation to the purchase, sale,  
20 exchange, transfer, offering, storage, destruction, or any relevant act  
21 related thereto of virtual tokens.

22 § 191.15 Illegal rug pulls.

23 A developer, whether natural or otherwise, is guilty of illegal rug  
24 pulls when such developer commits a rug pull, as defined in subdivision  
25 nine of section 191.00 of this article.

26 § 191.20 Private key fraud.

27 1. A person, whether natural or otherwise, is guilty of private key  
28 fraud when such person obtains or discloses to another person or misuses  
29 another's private key without their affirmative consent, provided howev-  
30 er that where the person created the private key, such a person shall  
31 only be prohibited from disclosing to another or misusing the private  
32 key without the owner of the private key's affirmative consent.

33 2. Consent is deemed affirmative only where it is obtained by a  
34 request independent from any other request or information provided to  
35 another, it is conspicuous, and it informs the person of the conse-  
36 quences associated with disclosing their private key to another.

37 § 2. This act shall take effect on the thirtieth day after it shall  
38 have become a law. Effective immediately, the addition, amendment and/or  
39 repeal of any rule or regulation necessary for the implementation of  
40 this act on its effective date are authorized to be made and completed  
41 on or before such effective date.