

HB 324

“An Act relating to virtual currency kiosks; relating to transactions involving virtual currency; and relating to unfair trade or deceptive acts or practices.”



Bitcoin ATMs increasingly used by scammers to target victims, critics say

Americans in 2024 lost nearly \$250 million to scams that used Bitcoin ATMs

By [Jay O'Brien](#) and [Lucien Bruggeman](#)

October 9, 2025, 1:14 AM

"Yes, requesting crypto is now the No. 1 preferred method of criminals," Nofziger replied. "It is a huge problem."

Authorities have taken notice. Last month, the Washington, D.C., attorney general's office sued Athena Bitcoin, one of the largest bitcoin ATM machine purveyors in the country, accusing it of "pocketing hundreds of thousands of dollars in undisclosed fees on the backs of scam victims."

The lawsuit claims 93% of the transactions on Athena's devices in the District "are the product of outright fraud," and that "the median age of victims was 71 years."

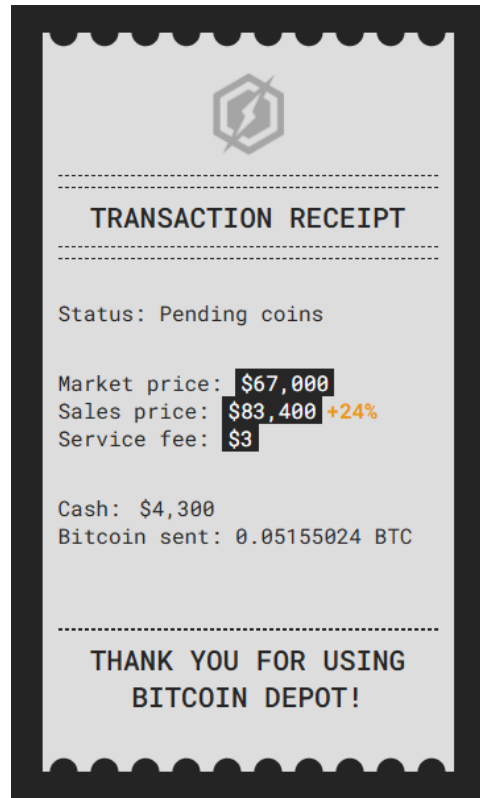


Crypto crime scene

How the companies behind crypto ATMs profit as Americans lose millions to scams

By Curt Devine, Majlie de Puy Kamp, Yahya Abou-Ghazala, Casey Tolan, Kyung Lah, Amy O'Kruk, Byron Manley and Eleanor Stubbs, CNN

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A CNN investigation, which included a review of more than 700 criminal cases and complaints, has found that crypto ATM companies make money by often marking up the price of cryptocurrency by 20% to 30% or more on transactions, including the illicit ones. Despite public claims, they often fail to refund money to victims and aggressively fight police to claw back scam money seized from machines.

The companies have also largely failed to adopt measures that could stifle scammers, such as strict transaction limits, and have heavily lobbied state legislatures to neuter laws that would force them to better protect victims. Some states have passed or proposed laws that closely match model legislation with fewer protections pushed by industry lobbyists.

In interviews with CNN, four former crypto ATM company employees said that companies are not doing enough to prevent fraud or help victims.

One former senior staffer at a crypto ATM company who spoke anonymously for fear of reprisal described the general philosophy at his former employer as, "it's not my problem if someone is stupid and gets scammed."

Another former staffer said, "If there was a way to prevent 100% of scams there is no way this industry would survive."

Multiple investigations from attorneys general and financial regulators have concluded many crypto ATM deposits involve scams, findings that came after interviewing hundreds of victims and reviewing thousands of transactions. Last month, the DC attorney general alleged that more than 90% of deposits in one company's ATMs came from fraud.

What's driving business

Crypto ATM companies have argued fraud is not a significant driver of business, with some highlighting a report by the analytics group TRM Labs, which found that 1.2% of cash-to-crypto transactions were illicit in 2023.

But even the analytics group behind that report acknowledged in a statement to CNN that “the reality is clear: a significant share of scams and fraud move through these machines.”

Iowa's attorney general sued Bitcoin Depot this year, alleging that **scams accounted for “more than half of all money taken in by Bitcoin Depot in Iowa”** over a roughly three-year period ending in 2024, more than \$7 million in scam transactions. The attorney general said in another suit that **CoinFlip's top 20 users in the state were all scam victims.** The companies have disputed the claims in court.

Documents show **a regulator in Maine denied a license application** from Bitcoin Depot in April **on the grounds that its crypto ATMs “caused an unacceptably high number of Maine consumers to suffer financial loss.”** The state concluded that **elderly consumers accounted for more than 70% of money transmitted on its machines** in the state over about two years. The regulator also found the company's ATMs lack “necessary controls, warnings, and safeguards.”

In June, **Australian authorities said they contacted 90 people** who were among the biggest crypto ATM users and found that around **85% were scam victims** or “money mules” who had been coerced into moving suspected illicit funds through the ATMs, according to AUSTRAC, the country's financial intelligence unit.



A vector for money laundering



Those anecdotal findings are echoed by a CNN analysis of blockchain data over the last decade, which shows that the bulk of all cash deposited in ATMs operated by the biggest US companies has ended up on exchanges based overseas.

Some law enforcement officials said the prevalence of such overseas transfers raises questions about the companies' claims that a small minority of their users' transactions are illegitimate.

Most of the top 10 exchanges that received funds say their services aren't accessible to US users, and many are based in jurisdictions with historically weak anti-money laundering laws, such as the Cayman Islands and Nigeria, CNN's analysis found.

"It's a red flag to us, knowing that a large majority of financial crimes that are happening in the United States are run by overseas actors," said a Secret Service official who requested anonymity due to the sensitivity of their position. "It likely is a money laundering indicator if large fees are charged and people are willing to pay those when there are other options that are much cheaper and just as convenient."

Crypto kiosk companies claim no liability



Police try to assist when victims call for help – but often have little recourse. That’s what happened to Cason, the Iowa victim.

When Cason contacted the sheriff’s office in July 2023, investigators got a search warrant for the machine and seized the cash he had deposited, intending to return the money to him.

But Bitcoin Depot argued in court that Cason had authorized the transaction and had agreed to the company’s terms of service when he used the machine. His cash had already been turned into cryptocurrency and transferred away, the company said.

The case went all the way to Iowa’s state Supreme Court, which ruled in favor of Bitcoin Depot in the spring. Because scammers had convinced Cason to bypass company requirements that users only send funds to crypto wallets they control, the court found Bitcoin Depot wasn’t liable.

Cason never saw the cash again.

<https://www.cnn.com/interactive/2025/10/us/crypto-atm-scams-companies-profit-invs-vis/>

- Scammers often have victims use established crypto wallets to bypass new account restrictions.
- Crypto kiosk companies have argued in court that because scammers convince victims to bypass the terms of service on the kiosk, the kiosk company is not liable or subject to offer refunds.

Non-Comprehensive List of States in Litigation with Crypto Kiosk Operators

- Massachusetts
- Pennsylvania
- Iowa
- Maine
- California
- Missouri
- Arizona
- Indiana

- Washington DC 

Attorney General Schwalb Sues Crypto ATM Operator for Financially Exploiting District Residents

September 8, 2025

Lawsuit Alleges That 93% of Deposits to Athena Bitcoin, Inc. Are From Scams That Target Vulnerable Residents & Seniors & That Athena Profits from Illegal, Hidden Fees

Attorney General Brian L. Schwalb today sued Athena Bitcoin, Inc. (Athena), one of the country's largest operators of Bitcoin Automated Teller Machines (BTMs), for charging undisclosed fees on deposits that it knows are often the result of scams, and for failing to implement adequate anti-fraud measures. When users discover they have been scammed and seek refunds, Athena imposes a strict "no refunds" policy on their entire transactions—even failing to return the significant undisclosed fees it collects from scam victims.

An investigation by the Office of the Attorney General (OAG) showed that Athena BTMs appeal to criminals because Athena fails to provide effective oversight, creating an unchecked opportunity for illicit international fraud. Athena BTMs are most frequently used by scammers targeting elderly users who are less familiar with cryptocurrency and less likely to report fraud. According to the company's own data from its first five months of operations in the District:

- 93% of all Athena BTM deposits were the direct result of scams;

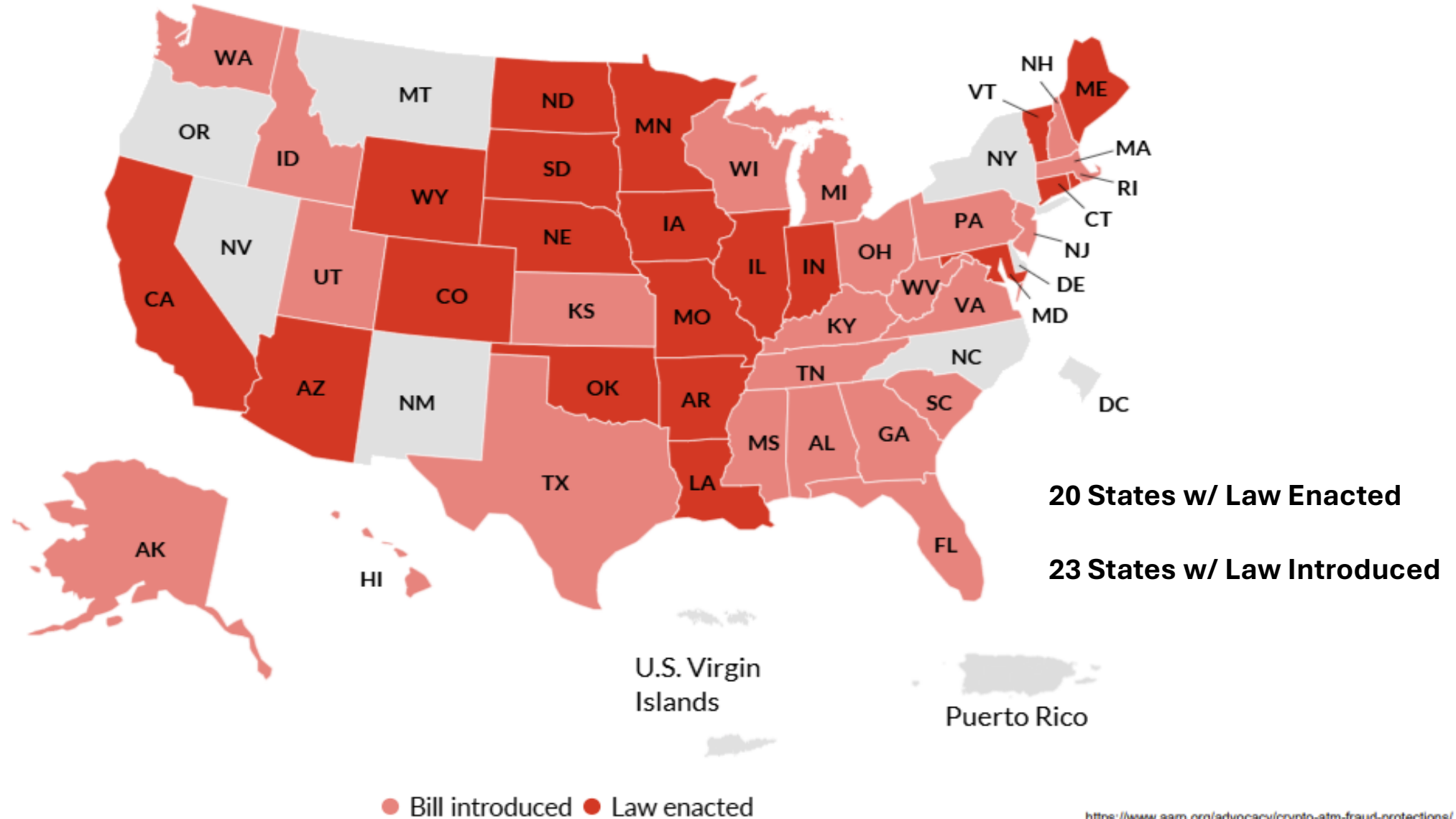
- Nearly half of all deposits were flagged to Athena as the product of fraud;

- Victims' median age was 71; and

- The median amount lost per scam transaction was \$8,000, with one victim losing a total of \$98,000 in nineteen transactions over a period of several days.

<https://oag.dc.gov/release/attorney-general-schwalb-sues-crypto-atm-operator>

States With, or Considering, Cryptocurrency Kiosk Legislation



What Protections are in HB 324?

- Requires virtual currency kiosk operators hold a money transmission license and be registered and approved by the department.
- 48-Hour transaction hold for first time users.
- Reporting of transactions every 45 days to the department.
- Requires disclosures and warnings on virtual currency kiosks.
- Fraud and anti-money laundering protections.
- Refunds in cases of fraud.
- \$1,000 daily transaction limit.
- 10,000 monthly transaction limit.
- 3% transaction fee cap.
- Requires access to information for law enforcement investigations.

What Happens After Legislation?

THE BOTTOM LINE

The crypto ATM's days in America may be numbered

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Kevin Williams

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KEY POINTS

Cryptocurrency ATM machines are a magnet for scammers who dupe unwitting victims into sending large sums of money overseas.

Spokane, Washington, became the largest municipality in the United States to enact a ban on all crypto ATMs within the city limits.

80 percent of the world's bitcoin teller machines are located in the U.S.

<https://www.cnbc.com/2026/01/10/bitcoin-crypto-atm-scam-fraud-regulation.html>

The Spokane ban was one of the first in the nation, following a similar ordinance passed in Stillwater, Minnesota, after a resident was scammed there. "We've received no complaints about the removal," Dillon said. He is hopeful that the legislature will pass a statewide ban in the next session (which begins Monday) which would stop the crypto ATMs from simply being relocated to neighboring municipalities.

Questions?