

Crypto ATM Fraud Prevention Act | S. ____ Senator Dick Durbin (D-IL)

Americans lose tens of millions of dollars each year to scams involving cryptocurrency “ATMs.” According to the Federal Trade Commission, Americans lost \$66 million to crypto ATM fraud in the first six months of 2024 alone. Across the country, there are heartbreaking stories of hardworking Americans, especially seniors, who are scammed out of their savings—sometimes amounting to tens of thousands of dollars. The largely unregulated nature of these machines, coupled with the anonymity and irreversibility of cryptocurrency transactions, make crypto ATMs a favorite tool for scammers. The *Crypto ATM Fraud Prevention Act* seeks to prevent fraudulent transactions and gives law enforcement the tools it needs to fight fraudsters.

Preventing Fraudulent Transactions

Require warnings about the risk of fraud. This bill would require cryptocurrency ATM operators to provide clear warnings to consumers about the risk of fraud, including warnings of common types of scams and that consumers should never send money to someone they have never met.

Require operators to develop an anti-fraud policy. Cryptocurrency ATM operators would be required to appoint a chief compliance officer and develop a comprehensive anti-fraud policy, which must be submitted to the Financial Crimes Enforcement Network. Operators also would be required to provide live customer support during all operating hours.

Protect new customers—who are most likely to be victims of fraud. New customers, defined as a customer within 14 days of their first transaction, would be protected by the following provisions:

- Transaction limits of \$2,000 per day, and \$10,000 total over the first 14 days.
- Full refunds for fraudulent transactions if the customer makes a report within 30 days.
- Requiring live, verbal confirmation for any transaction greater than \$500.

Empowering Law Enforcement to Combat Fraud

Require crypto ATM operators to register and disclose ATM locations. Cryptocurrency ATM operators would be required to register with the Treasury Department and to disclose and regularly update the locations of all their ATMs. Operators also would be required to provide a point of contact to relevant regulators and law enforcement agencies.

Require receipts and information sufficient to trace the transaction. Operators would be required to provide receipts for each transaction, including information sufficient to trace the transaction, such as the time, place, and amount of the transaction, and a transaction hash. Receipts also would have to include contact information for relevant law enforcement and a link to the operator’s refund policy.

Endorsements: This bill has been endorsed by Americans for Financial Reform, Better Markets, National Consumers League, Public Citizen, and the National Consumer Law Center on behalf of its low-income clients.