

## **ALABAMA SECURITIES COMMISSION**

Post Office Box 304700 Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)

### **Proposed Bill Introduced in Alabama Legislature to Protect Consumers from Cryptocurrency Kiosk Fraud**

**Montgomery, Alabama (January 21, 2026)** – Crypto ATMs are increasingly being exploited by scammers and fraudsters because they allow immediate, irreversible transfers of funds into digital wallets that are hard to trace, much less recover. Fraudsters reach out by phone, text, email, or other messaging platforms posing as a government official, law enforcement, a prospective significant other, bank representative, financial professional, medical professional, charitable worker, etc. It is typical in most scams to present the victim with an urgent issue that requires them to part with money quickly. Many of these are romance scams. In these cases, fraudsters build trust with victims and then fabricate scenarios where victims are often threatened and then later even blackmailed with threats to make personal information public in order get the victim to give money. These scammers frequently target seniors because they are more likely to be affluent or vulnerable.

Recently, the ASC identified a 73-year-old victim from Huntsville, Alabama, who conducted 192 cryptocurrency kiosk transactions- at a single machine- between March and December 2024, totaling \$335,420. She was persuaded to make fraudulent investments because she believed she was communicating with a trusted financial technical support team. Sadly, she tripped and fell at her last visit to the cryptocurrency ATM and ultimately died of complications from her injuries.

Another recent example involved a 67-year-old retired military service member from Enterprise, Alabama. She was lured into a romance scam while using a dating app. During the course of the scam, the victim completed multiple cryptocurrency kiosk transactions and lost over \$250,000 to the scammer. These are just two amongst hundreds of examples that occurred in Alabama during 2024 alone. “The numbers are staggering and shocking, and the consequences are always devastating,” said ASC Director Amanda Senn.

“Anyone can become the victim of this type of fraud. Highly successful and extremely intelligent people fall victim every day. The fraudsters are relentless and creative. They invent new scams daily and are able to refine them at an unprecedented level with the help of artificial intelligence. The people who are victims of these frauds have money because they are smart and they worked hard. The only way to avoid becoming a victim is to trust no one who is asking you for money. Always verify the request and source, and if you cannot, don’t buy in,” said Director Senn.

In an effort to combat fraud and promote awareness of the problem, the ASC conducted a comprehensive examination of cryptocurrency kiosk transactions to determine how and why the losses occurred. The results are disturbing. The Commission reviewed 6 companies covering the calendar year 2024 and reached out to the 1,185 customers who used the ATMs that year. To determine the purpose of the transaction, the ASC attempted to contact each individual user. The commission staff was successful in contacting 50% of them. Of those, 64% were victims of fraud, and 52% of the victims were aged 60 and over. The total dollar amount lost by victims successfully contacted during the survey is \$6.5 million, half of what was deposited into the surveyed kiosks during that time, which was \$12.5 million. The most common frauds were romance scams, investment schemes, and real estate frauds. Notably, most victims contacted did not make a report to law enforcement, citing embarrassment, lack of awareness that they had been defrauded, or uncertainty over how and where to report the scam. Many local law enforcement agencies lack the resources to track cryptocurrency fraud.

At a national level, the Federal Trade Commission (FTC) reported approximately \$333 million in losses related to cryptocurrency kiosk fraud in 2025, double the amount reported in 2024. Alabama has likewise seen an explosion in fraud utilizing the availability of cryptocurrency and cryptocurrency kiosks. The advent of artificial intelligence and the ever-expanding use of the internet are magnifying the problem at an exponential level.

Given the rising concerns regarding cryptocurrency kiosks, Representative Russell Bedsole of House District 49 introduced the Cryptocurrency Kiosk Fraud Prevention Act, House Bill 303, on January 21, 2026. HB 303 ensures that criminal activity

through cryptocurrency kiosks is diminished by imposing transaction limits, refunds for certain transactions related to fraud, a dedicated United States based customer service line, penalties for failure to comply with the provisions of the bill, and enhanced disclosures and warnings.

Specifically, the cryptocurrency kiosk operator must disclose information to the customers that will help them recognize whether they are about to become the victims of fraud and the associated costs of the transactions. Operators must display all fees collected by the kiosk operator, the total amount of both the cryptocurrency and the US dollar value of the transaction, the exact US dollar amount of the transaction, and the exchange rate of the cryptocurrency and the cryptocurrency charged to the consumer. Typically, the owners of the cryptocurrency kiosks charge fees ranging between 7% to over 20% for each completed transaction. It also prohibits the practice of cryptocurrency kiosk operators from housing their operations in bank and credit union ATMs, as victims have reported that they believed they were conducting business directly with an institution that has deposit insurance. The bill also provides a mechanism for refunding money to customers under certain conditions. To mitigate fraud, the cryptocurrency kiosk operators will not be able to execute a transaction if a user has made more than \$1,000 worth of transactions in a single day or more than \$10,000 in a month.

“The members of the Alabama Legislature are committed to protecting Alabamians from fraud and other illicit activity. We believe this bill implements those protections. With clearer and more specific legislative safeguards in place, we believe that we can prevent millions of dollars from being lost to fraud. As a member of the law enforcement community, I have met with victims of fraud and heard their stories. Financial fraud is devastating and often affects friends and family as well,” said Representative Bedsole.

Users of cryptocurrency kiosks must use these machines with heightened caution. Unlike traditional ATMs, a cryptocurrency kiosk allows users to convert cash into digital currency that can be transferred internationally within seconds, making the recovery of these funds difficult. Victims of cryptocurrency kiosk fraud are being maliciously deceived, pressured, and even coerced with the threat of public disclosure of personal information into depositing large sums of money into cryptocurrency kiosks under false pretenses.

Anyone who suspects that they are a victim of cryptocurrency fraud should contact the ASC at 1-800-222-1253.

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For further information, contact 1-800-222-1253 and ask for Public Affairs.