

ALABAMA SECURITIES COMMISSION

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Cryptocurrency Kiosk Fraud Prevention Act Takes Effect on October 1, 2026

Montgomery, Alabama (September 30, 2026) – Starting on October 1, 2026, if a new Crypto ATM/kiosk customer has been fraudulently induced to engage in a cryptocurrency ATM transaction, the operator shall issue a full refund for the transaction, as well as all fees incurred through the transaction. If an “existing consumer”, as defined in the act, has been fraudulently induced to engage in a cryptocurrency ATM transaction, the operator shall issue a refund for one-half of the value of the transaction, plus all fees incurred through the transaction. The customers must complete all of the following to receive the refund:

- Contact the operator not more than 60 calendar days after the transaction.
- Contact a law enforcement agency, as well as the Alabama Securities Commission (ASC), not more than 60 calendar days after the transaction.
- File a report with a law enforcement agency or the Commission regarding the fraudulently induced transaction.

The Act reduces criminal activity through cryptocurrency ATMs by imposing transaction limits, refunding fraud-related transactions, providing a dedicated United States-based customer service line, imposing penalties for noncompliance, and requiring enhanced disclosures and warnings. Specifically, the cryptocurrency ATM operator must disclose information to help customers recognize whether they are victims of a fraud or scam, and prompt users with questions designed to put users on notice of potential frauds. Operators must display all fees collected by the ATM operator, the total amount in both cryptocurrency and US dollar value, the exact US dollar amount of the transaction, and the exchange rate for the cryptocurrency and the cryptocurrency charged to the customer. To mitigate fraud, cryptocurrency ATM operators cannot execute a transaction if a “new consumer”, defined in the act as a consumer’s first transaction and 30 days following the first transaction, has made more than \$1,000 in transactions in a single day or more than \$10,000 in a month.

“ATMs are traditionally used to withdraw money. If someone is directing you to deposit money into a crypto ATM, you are likely being scammed,” said ASC Director Amanda Senn. “The amount of money lost to fraud is staggering and shocking, and the consequences are always devastating. The Act will not eliminate fraudsters’ attempts to steal money, but it will minimize the financial losses through additional protections and refunds.”

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, a bank representative, a financial professional, a medical professional, a charitable worker, etc. Most scams present the victim with an urgent issue that requires them to pay quickly, such as paying to dispose of fake outstanding warrants. Victims of romance scams are also often directed to crypto ATMs to transfer funds to their fake romantic interest. 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 to get the victim to give money. These scammers frequently target seniors because they are more likely to be affluent or vulnerable.

The ASC thanks Representative Russell Bedsole of House District 49 for sponsoring the bill and the Alabama Legislature for their concerted effort in ensuring passage of the Cryptocurrency Kiosk Fraud Prevention Act during the 2026 Alabama Legislative Session.

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.