

Stop Crypto ATM Scams Act: Section-by-Section Summary

Section 1: Short Title.

Section 2: Money Transmitting Business Registration Requirements.

- Registration Requirements: Requires that a digital asset kiosk operator register as a Money Transmitting Business with the Treasury Department (Treasury). As a result, an operator must comply with existing anti-money laundering (AML) rules that apply to traditional financial institutions, including verifying customers' identities, filing Suspicious Activity Reports (SARs) and Currency Transaction Reports (CTRs) with Treasury, keeping books and records, responding to law enforcement requests, identifying a BSA compliance officer, and being subject to civil or criminal penalties for non-compliance.
- List of Physical Machines: Requires that an operator provide and regularly update a list of the physical locations of the kiosks they own and operate every 90 days. Directs Treasury to make this information available via a public database on its website.

Section 3: Anti-Money Laundering and Anti-Fraud Requirements.

- Anti-Money Laundering Requirements: Requires that a digital asset kiosk operator implement a formal AML program and file a copy with Treasury. Directs Treasury to issue rules to impose additional risk-based AML measures, including requiring customer identity verification during online registration and at the machine, the use of blockchain analytics to identify digital wallets tied to illicit uses and to assess the likelihood of future illicit activity, and preventing multiple customers from using the same digital wallet.
- Transaction Limits for Customers: Imposes a \$2,000 daily transaction limit and a \$10,000 total transaction limit for new customers, which applies over a 14-day period following their first transaction. Imposes a \$7,500 daily transaction limit for existing customers. Provides for an inflation adjustment every 5 years and gives Treasury the authority to adjust the limits via the formal notice-and-comment rulemaking process.
- Disclosure Requirements: Requires that clear disclosures are provided before a customer enters into a transaction, which includes statements that transactions are irreversible and that cryptocurrencies are not insured by the U.S. government, as well as details on the transaction, including the current market price of the cryptocurrency as it is trading on a cryptocurrency platform registered with Treasury. Requires distinct disclosure of the fees charged to the customer, including the exchange rate and the fees represented as a percentage of the transaction. Directs Treasury, the Federal Trade Commission (FTC), and the Consumer Financial Protection Bureau (CFPB) to issue guidance to ensure that such disclosures are clear, standardized, and easily understandable.
- Anti-Fraud Requirements: Requires that an operator establish a formal anti-fraud policy that is accountable to company management and filed with Treasury. Requires that an operator implement anti-fraud measures, which includes providing scam warnings before a customer enters into a transaction. Directs Treasury, the Federal Bureau of Investigation (FBI), and the FTC to issue annual notices to ensure that such warnings are updated and reflect emerging fraud schemes.

- Customer Acknowledgement: Requires that an operator obtain confirmation from any customer that they have reviewed the required disclosures and scam warnings before completing the transaction. Requires confirmation from a new customer that they understand the fees being charged. Ensures that customers are not waiving their right to a refund or other remedy available under state or local law.
- Transaction Receipts: Requires that physical or electronic receipt are provided to customers and include detailed information on the transaction, including the customer's information, the date, time, and value of the transaction, fees collected, and a phone number for local or state law enforcement assistance.
- Customer Service: Requires that an operator prominently display the phone number for and provide live customer service during the hours of 8:00 AM to 8:00 PM on weekdays and 9:00 AM to 5:00 PM on weekends and holidays.
- Remedies for Charges: Requires that an operator issue a refund within 30 days for fees collected in the event of fraud, provided that the customer was fraudulently induced into transacting, the customer filed a complaint with the operator, and the customer filed a report with state or local law enforcement within 90 days of being defrauded.
- Dedicated Phone Number for Law Enforcement: Directs Treasury to issue rules to require that an operator provide law enforcement and government agencies with a dedicated phone number for the purposes of responding to fraudulent activity.
- Decals for Compliant Machines: Clarifies that state regulators may require that an operator is registered, licensed, and in compliance with applicable state laws. Permits state regulators to issue decals that can be affixed to machines to signal compliance with federal and state laws and to impose penalties for misrepresentation of regulated or compliant status.
- Cooperative Agreements with State Regulators: Allows Treasury to enter into agreements with state regulators to coordinate examinations of operators, share supervisory information, and enhance compliance with federal standards under this Act.
- Effect on State Law: Establishes a national standard for future state or local limits imposed on digital asset kiosk transactions. Clarifies that state regulators or municipalities retain the authority to impose other requirements necessary to protect consumers and that state regulators are authorized to bring enforcement actions against operators that are out of compliance with applicable state law.
- Effective Date: Establishes an effective date of 180 days from the date of enactment.