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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R.

To amend the Bank Secrecy Act to require the registration of digital asset kiosk operators and to require such operators to comply with anti-money laundering and anti-fraud requirements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. CASTEN introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Bank Secrecy Act to require the registration of digital asset kiosk operators and to require such operators to comply with anti-money laundering and anti-fraud requirements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop Crypto ATM
5 Scams Act”.

1 **SEC. 2. REGISTRATION OF DIGITAL ASSET KIOSK OPERA-**
2 **TORS.**

3 (a) IN GENERAL.—Section 5330 of title 31, United
4 States Code, is amended—

5 (1) in subsection (d)—

6 (A) in paragraph (1)(A), by inserting “,
7 any digital asset kiosk operator,” after “similar
8 instruments”; and

9 (B) by adding at the end the following:

10 “(3) DIGITAL ASSET KIOSK TERMS.—The terms
11 ‘digital asset kiosk’ and ‘digital asset kiosk operator’
12 have the meaning given those terms, respectively,
13 under section 5337(a).”; and

14 (2) by adding at the end the following:

15 “(f) REGISTRATION OF DIGITAL ASSET KIOSK LOCA-
16 TIONS.—

17 “(1) IN GENERAL.—The Secretary of the
18 Treasury shall require a digital asset kiosk oper-
19 ator—

20 “(A) before beginning to operate a digital
21 asset kiosk, to submit a list containing the
22 physical address of each digital asset kiosk
23 owned or operated by the digital asset kiosk op-
24 erator; and

25 “(B) not less than once every 90 days
26 thereafter, to submit an update to such list.

1 “(2) FORM AND MANNER OF REGISTRATION.—

2 Each submission by a digital asset kiosk operator
3 pursuant to paragraph (1) shall include—

4 “(A) the legal name of the digital asset
5 kiosk operator;

6 “(B) the physical address of each digital
7 asset kiosk owned or operated by the digital
8 asset kiosk operator that is located in the
9 United States or the territories of the United
10 States;

11 “(C) up-to-date contact information for the
12 digital asset kiosk operator’s compliance officer
13 described in section 5318(h)(1)(B);

14 “(D) the start date of operation of each
15 digital asset kiosk; and

16 “(E) the end date of operation of each dig-
17 ital asset kiosk, if applicable.

18 “(3) FALSE AND INCOMPLETE INFORMATION.—

19 The filing of false or materially incomplete informa-
20 tion in a submission required under paragraph (1)
21 shall be deemed a failure to comply with the require-
22 ments of this subsection.

23 “(4) PUBLIC AVAILABILITY.—The Secretary of
24 the Treasury shall make all information submitted
25 under this subsection available to the public, includ-

1 ing on a website of the Department of the Treas-
2 ury.”.

3 (b) **RULE OF APPLICATION FOR EXISTING DIGITAL**
4 **ASSET KIOSK OPERATORS.**—A person who is a digital
5 asset kiosk operator (as defined in section 5337(a) of title
6 31, United States Code) on the date of enactment of this
7 Act—

8 (1) shall, not later than the end of the 6-month
9 period beginning on the date of enactment of this
10 Act, submit the initial list described in such section
11 5330(f)(1)(A); and

12 (2) shall, not later than 90 days after the end
13 of the 6-month period beginning on the date of en-
14 actment of this Act, submit the first update of such
15 list.

16 **SEC. 3. ANTI-MONEY LAUNDERING AND ANTI-FRAUD RE-**
17 **QUIREMENTS FOR DIGITAL ASSET KIOSK OP-**
18 **ERATORS.**

19 (a) **IN GENERAL.**—Subchapter II of chapter 53 of
20 title 31, United States Code, is amended by adding at the
21 end the following:

22 **“§ 5337. Anti-money laundering and anti-fraud re-**
23 **quirements for digital asset kiosk opera-**
24 **tors**

25 “(a) **DEFINITIONS.**—In this section:

1 “(1) CHARGE.—The term ‘charge’ means—

2 “(A) fees or expenses paid by a customer;

3 and

4 “(B) the difference between the market
5 price of a digital asset and the price of the dig-
6 ital asset charged to the customer.

7 “(2) DIGITAL ASSET.—The term ‘digital asset’
8 means any digital representation of value that is
9 issued or transferred using a cryptographically se-
10 cured distributed ledger, blockchain technology, or
11 any other similar technology.

12 “(3) DIGITAL ASSET KIOSK.—The term ‘digital
13 asset kiosk’ means—

14 “(A) an automated teller machine that fa-
15 cilitates the buying, selling, or exchange of dig-
16 ital assets for fiat currency or other digital as-
17 sets; or

18 “(B) a digital or mobile application that
19 facilitates the buying, selling, or exchange of
20 fiat currency for digital assets at a partici-
21 pating physical location in an organized mer-
22 chant network.

23 “(4) DIGITAL ASSET KIOSK OPERATOR.—The
24 term ‘digital asset kiosk operator’ means a person
25 that owns or operates a digital asset kiosk.

1 “(5) DIGITAL ASSET WALLET.—The term ‘dig-
2 ital asset wallet’ means a software application or
3 other mechanism that provides a means for holding,
4 storing, and transferring digital assets.

5 “(6) DIGITAL ASSET WALLET ADDRESS.—The
6 term ‘digital asset wallet address’ means an alpha-
7 numeric identifier that is associated with a digital
8 asset wallet and represents a potential destination
9 for a digital asset transfer.

10 “(7) EXTENDED BUSINESS HOURS.—The term
11 ‘extended business hours’ means—

12 “(A) the hours between 8:00 AM and 8:00
13 PM local time on business days; and

14 “(B) the hours between 9:00 AM and 5:00
15 PM local time on weekends and holidays.

16 “(8) MARKET PRICE.—The term ‘market price’
17 means, with respect to a digital asset, the current
18 market price of a particular digital asset publicly
19 quoted on a digital asset trading platform that is
20 registered with the Department of the Treasury for
21 a particular time.

22 “(9) NEW CUSTOMER.—With respect to a dig-
23 ital asset kiosk operator, a person is a ‘new cus-
24 tomer’ of the digital asset kiosk operator if—

1 “(A) the person has never previously trans-
2 acted with the digital asset kiosk operator; or

3 “(B) less than 14 days have elapsed since
4 the person entered into their first transaction
5 with the digital asset kiosk operator.

6 “(b) ANTI-MONEY LAUNDERING PROGRAM.—

7 “(1) IN GENERAL.—A digital asset kiosk oper-
8 ator shall—

9 “(A) develop, implement, and routinely up-
10 date an anti-money laundering program de-
11 scribed in section 5318(h), and file a copy of
12 such program with the Financial Crimes En-
13 forcement Network;

14 “(B) be subject to the requirement to re-
15 port suspicious transactions described in section
16 5318(g); and

17 “(C) be subject to the requirements de-
18 scribed under this subchapter to file currency
19 transaction reports.

20 “(2) RISK-BASED REQUIREMENTS.—Not later
21 than 180 days after the date of enactment of this
22 section, the Secretary of the Treasury shall issue
23 rules to require a digital asset kiosk operator, in im-
24 plementing an anti-money laundering program re-

1 required under paragraph (1)(A), to adopt controls
2 that are reasonably designed to—

3 “(A) verify a customer’s identity, including
4 during any online pre-registration process and
5 at the physical digital asset kiosk location;

6 “(B) monitor for digital asset kiosk trans-
7 actions involving a digital asset wallet directly
8 or indirectly associated with any digital asset
9 wallet address listed on any relevant sanctions
10 lists through the use of blockchain analytics
11 tools;

12 “(C) assess the risks associated with and
13 the likelihood of future illicit activity in connec-
14 tion with digital asset kiosk transactions
15 through the use of blockchain analytics tools;
16 and

17 “(D) maintain restrictions that prevent
18 more than one customer of such digital asset
19 kiosk operator from using the same digital wal-
20 let address.

21 “(e) LIMITS FOR DIGITAL ASSET KIOSK TRANS-
22 ACTIONS.—

23 “(1) DAILY LIMITS FOR NEW CUSTOMERS.—A
24 digital asset kiosk operator may not accept one or
25 more digital asset kiosk transactions on behalf of a

1 new customer that have a total monetary value of
2 more than \$2,000 during a 24-hour period.

3 “(2) TOTAL LIMITS FOR NEW CUSTOMERS.—A
4 digital asset kiosk operator may not accept digital
5 asset kiosk transactions on behalf of a new customer
6 that have a total monetary value, in the aggregate,
7 of more than \$10,000.

8 “(3) DAILY LIMITS FOR EXISTING CUS-
9 TOMERS.—With respect to a customer that is not a
10 new customer, a digital asset kiosk operator may not
11 accept one or more digital asset kiosk transactions
12 on behalf of the customer that have a total monetary
13 value of more than \$7,500 during a 24-hour period.

14 “(4) INFLATION ADJUSTMENT.—The Secretary
15 of the Treasury shall update the dollar amounts in
16 this subsection every 5 years to reflect the change in
17 the Consumer Price Index for All Urban Consumers
18 published by the Bureau of Labor Statistics of the
19 Department of Labor.

20 “(5) RULEMAKING AUTHORITY.—The Secretary
21 of the Treasury may issue rules to adjust the trans-
22 action limit amounts described under this sub-
23 section, as the Secretary determines are reasonably
24 necessary to deter fraudulent activity and illicit fi-
25 nance.

1 “(d) DISCLOSURES FOR CUSTOMERS.—

2 “(1) IN GENERAL.—A digital asset kiosk oper-
3 ator shall take reasonable steps to provide written
4 disclosure to any customer prior to initiating a digi-
5 tal asset kiosk transaction, in English and in the
6 same language principally used by the digital asset
7 kiosk operator to advertise or solicit customers, in-
8 cluding by displaying the disclosure in a prominent,
9 conspicuous, easily readable manner, that contains
10 the terms, conditions, and itemized elements of the
11 transaction and contains the following:

12 “(A) A warning written prominently in
13 bold type stating the following: ‘Warning:
14 Losses due to fraudulent or accidental trans-
15 actions may not be recoverable and digital asset
16 kiosk transactions are irreversible.’.

17 “(B) The following statement: ‘Digital as-
18 sets are not legal tender. Digital assets are not
19 backed by the full faith and credit of the United
20 States Government or guaranteed by the United
21 States Government. Digital asset wallet ac-
22 counts and digital asset balances are not sub-
23 ject to FDIC insurance or NCUA insurance.’.

24 “(C) The amount of digital assets involved
25 in the transaction and the type of digital assets

1 involved in the transaction, including the ticker
2 or symbol that is used to represent a digital
3 asset.

4 “(D) The U.S. dollar price of the digital
5 assets involved in the digital asset kiosk trans-
6 action that is charged to the customer and the
7 current U.S. dollar market price of such digital
8 assets, as is quoted on at least one digital asset
9 trading platform that is registered with the De-
10 partment of the Treasury and is identified by
11 name, at the time the disclosure is provided.

12 “(E) The amount of charges collected from
13 the customer by the digital asset kiosk operator,
14 which shall be—

15 “(i) displayed prominently in bold
16 type on a dedicated disclosure screen; and

17 “(ii) presented as an itemized list that
18 separately identifies—

19 “(I) any fees or expenses paid by
20 the customer, expressed in United
21 States dollars and as the percentage
22 of the transaction; and

23 “(II) the difference, expressed in
24 United States dollars, between the
25 current market price of the digital as-

1 sets involved in the transaction and
2 the price of such digital assets
3 charged to the customer.

4 “(2) GUIDANCE.—Not later than 180 days
5 after the date of enactment of this section, the Sec-
6 retary of the Treasury, in consultation with the Fed-
7 eral Trade Commission and the Director of the Bu-
8 reau of Consumer Financial Protection, shall issue
9 guidance to assist digital asset kiosk operators with
10 providing disclosures described in paragraph (1) that
11 are effective, clear and conspicuous, easily under-
12 standable, and displayed in a standardized format.

13 “(e) ANTI-FRAUD MEASURES.—

14 “(1) IN GENERAL.—A digital asset kiosk oper-
15 ator shall take reasonable steps to detect and pre-
16 vent financial fraud, including by taking the fol-
17 lowing steps:

18 “(A) Providing clear scam warnings to cus-
19 tomers before entering into a digital asset
20 transaction that, at a minimum, address the
21 following common fraudulent tactics:

22 “(i) Payment requests to an individual
23 the customer has never met.

1 “(ii) Initial contact via social media,
2 online dating, or other messaging applica-
3 tions.

4 “(iii) Impersonation of representatives
5 from government agencies, financial insti-
6 tutions, credit unions, or other legitimate
7 organizations or businesses.

8 “(iv) Urgent or emergency requests.

9 “(v) Utilizing a scannable code associ-
10 ated with a digital asset wallet that is not
11 owned by the customer.

12 “(B) Updating, on an annual basis, the
13 warnings described in subparagraph (A), which
14 shall be informed by the annual fraud alerts or
15 notices described in subsection (k).

16 “(2) ANTI-FRAUD POLICY.—Not later than 180
17 days after the date of enactment of this section, the
18 Secretary of the Treasury shall issue rules to require
19 a digital asset kiosk operator to develop, implement,
20 and routinely update an anti-fraud policy that—

21 “(A) is in writing and available for inspec-
22 tion by the Secretary of the Treasury or the
23 Secretary’s designee;

1 “(B) is signed by, certified by, and ac-
2 countable to senior management of the digital
3 asset kiosk operator; and

4 “(C) includes policies, procedures, controls,
5 and monitoring mechanisms to address the
6 fraudulent practices described in paragraph
7 (1)(A).

8 “(f) ACKNOWLEDGMENT OF DISCLOSURES.—

9 “(1) IN GENERAL.—Each time a customer uses
10 a digital asset kiosk, the digital asset kiosk operator
11 shall ensure acknowledgment of all disclosures re-
12 quired under subsection (d) and fraud warnings
13 under subsection (e) via confirmation of consent of
14 the customer at the digital asset kiosk.

15 “(2) REQUIREMENTS FOR NEW CUSTOMERS.—

16 Prior to initiating a digital asset kiosk transaction
17 on behalf of a new customer, a digital asset kiosk
18 operator shall obtain confirmation from the new cus-
19 tomer that—

20 “(A) the new customer has reviewed the
21 disclosure of charges described in subsection
22 (d)(1)(E); and

23 “(B) the new customer understands the
24 total charges as a percentage of the transaction
25 amount.

1 “(3) RULE OF CONSTRUCTIONS ON CUSTOMER
2 REMEDIES.—An acknowledgment described under
3 this subsection shall not be construed to waive, nul-
4 lify, or limit any right to a refund or other remedy
5 available to a customer under applicable State or
6 local law.

7 “(g) RECEIPTS.—Upon completion of each digital
8 asset kiosk transaction, the digital asset kiosk operator
9 shall provide the customer with a physical or electronic
10 receipt, which shall include the following information:

11 “(1) The name and contact information of the
12 digital asset kiosk operator, including a telephone
13 number for a customer service help line.

14 “(2) The name of the customer.

15 “(3) The type, value, date, and precise time of
16 the digital asset kiosk transaction, and each applica-
17 ble digital asset wallet address.

18 “(4) The amount of United States dollars or
19 other fiat currency involved in the transaction.

20 “(5) The amount, in United States dollars, of
21 any charges collected by the digital asset kiosk oper-
22 ator in relation to the transaction, presented as line-
23 items summed within the total transaction.

24 “(6) A statement that the customer should con-
25 tact law enforcement if they suspect fraud or scams,

1 including the contact information for the relevant
2 local law enforcement agency and for applicable
3 State and Federal law enforcement agencies.

4 “(7) Any additional information the digital
5 asset kiosk operator determines appropriate.

6 “(h) CUSTOMER SERVICE HELP LINE.—A digital
7 asset kiosk operator shall provide live customer service
8 during extended business hours and display the phone
9 number for such service in a clear, conspicuous, and easily
10 readable manner upon each digital asset kiosk.

11 “(i) REFUNDS FOR CHARGES.—A digital asset kiosk
12 operator shall issue a refund for charges collected from
13 a customer in connection with a digital asset kiosk trans-
14 action within 30 days if—

15 “(1) the customer was fraudulently induced into
16 engaging in the digital asset kiosk transaction; and

17 “(2) the customer files a complaint to the dig-
18 ital asset kiosk operator, which includes—

19 “(A) the name, address, and phone num-
20 ber of the customer;

21 “(B) information that establishes the type,
22 value, date, and time of the digital asset kiosk
23 transaction; and

24 “(C) a copy of a report to a State or local
25 law enforcement agency or a Federal or State

1 authority made not later than 90 days after the
2 digital asset kiosk transaction.

3 “(j) COMMUNICATIONS WITH FINANCIAL CRIMES
4 ENFORCEMENT NETWORK AND LAW ENFORCEMENT.—
5 The Secretary of the Treasury shall issue rules to require
6 a digital asset kiosk operator to provide the Financial
7 Crimes Enforcement Network and other relevant law en-
8 forcement and government agencies with a dedicated and
9 frequently monitored phone number and email address to
10 facilitate communication with the operator in the event of
11 reported or suspected fraudulent activity.

12 “(k) FRAUD SCHEME ALERTS.—Not later than 9
13 months after the date of enactment of this section, and
14 for each calendar year thereafter, the Secretary of the
15 Treasury, in consultation with the Federal Bureau of In-
16 vestigation and the Federal Trade Commission, shall issue
17 an alert or notice to assist digital asset kiosk operators
18 in—

19 “(1) identifying emerging fraud schemes involv-
20 ing digital asset kiosks; and

21 “(2) filing suspicious activity reports.

22 “(l) STATE REGULATORY AUTHORITY.—

23 “(1) EFFECT ON STATE LICENSING LAWS.—
24 Nothing in this section may be construed to limit the
25 authority of a State regulatory agency to require a

1 digital asset kiosk operator to ensure registration, li-
2 censing, and compliance related to applicable State
3 laws.

4 “(2) STATE-ISSUED DECALS FOR COMPLIANT
5 DIGITAL ASSET KIOSKS.—A State regulatory agency
6 may—

7 “(A) issue a decal or physical sign that can
8 be affixed to a digital asset kiosk, in a form or
9 manner determined by the State regulatory
10 agency, to signal compliance with applicable
11 State and Federal laws, including whether—

12 “(i) the physical location of such dig-
13 ital asset kiosk has been filed with the Sec-
14 retary of the Treasury; and

15 “(ii) the operator of such digital asset
16 kiosk is registered with the Secretary of
17 the Treasury and has obtained the appro-
18 priate licensing from the State regulatory
19 agency;

20 “(B) administer a process through which a
21 digital asset kiosk operator is issued such decal
22 or sign for affixation to the digital asset kiosk;
23 and

1 “(C) impose penalties for any false adver-
2 tising, misuse of signage, or misrepresentations
3 of regulated or compliant status.

4 “(3) COORDINATION WITH STATE REGU-
5 LATORS.—The Secretary of the Treasury, acting
6 through the Financial Crimes Enforcement Network,
7 may enter into agreements with State regulatory
8 agencies to facilitate the supervision of digital asset
9 kiosk operators and enhance compliance with Fed-
10 eral standards, including agreements relating to the
11 coordination of examinations and the sharing of su-
12 pervisory information for the purposes of enforcing
13 applicable Federal standards.

14 “(4) EFFECT ON STATE LAW.—This section—

15 “(A) shall supersede any applicable State
16 or local law with respect to restrictions or re-
17 quirements established after the effective date
18 of this section on the total monetary value that
19 any customer may exchange in one or multiple
20 digital asset kiosk transactions within a defined
21 time period;

22 “(B) may not be construed to limit the au-
23 thority of a State regulatory agency or local au-
24 thority to impose other requirements in order to

1 protect consumers or prevent fraudulent or
2 money laundering activity;

3 “(C) may not be construed to permit a dig-
4 ital asset kiosk operator to operate or otherwise
5 conduct business in a State without obtaining
6 the appropriate licensing from the applicable
7 State regulatory agency and complying with
8 other applicable State laws; and

9 “(D) subject to subparagraph (A), may not
10 be construed as altering, limiting, or affecting
11 the authority of a State attorney general or any
12 State regulatory agency to bring an enforce-
13 ment action or other regulatory proceeding aris-
14 ing solely under the law in effect in that
15 State.”.

16 (b) EFFECTIVE DATE.—Section 5337 of title 31,
17 United States Code, shall take effect at the end of the
18 180-day period beginning on the date of enactment of this
19 Act.

20 (c) CLERICAL AMENDMENT.—The table of sections
21 for chapter 53 of title 31, United States Code, is amended
22 by inserting after the item relating to section 5336 the
23 following:

“5337. Anti-money laundering and anti-fraud requirements for digital asset
kiosk operators.”.