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# A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that digital financial  
2 asset transaction kiosks pose a significant risk to the  
3 financial security of the residents of the State. Digital  
4 financial asset transaction kiosks - also known as  
5 cryptocurrency Automated Teller Machines or cryptoATMs - enable  
6 a customer to buy and sell digital financial assets from a  
7 wallet or exchange. After providing the digital financial asset  
8 transaction kiosk with identification, which can range from a  
9 phone number to a scan of a government-issued identification,  
10 the customer enters the address of the wallet that will receive  
11 the purchased digital financial asset. The address could be the  
12 customer's own wallet or that of a third party. Finally, the  
13 customer inserts cash or a debit or credit card into the machine  
14 to finalize the purchase of the digital financial asset.

15           The legislature further finds that due to their ease of  
16 use, digital financial asset transaction kiosks are increasingly  
17 being used to facilitate scam payments. Typically, criminals



1 target older individuals through unsolicited calls, posing as  
2 the government, a bank, information technology support, or the  
3 customer service representative of a company. Once contact is  
4 made, the scammer provides detailed instructions to the  
5 prospective victim, including how to withdraw cash from the  
6 victim's bank, locate the kiosk, circumvent a kiosk's  
7 safeguards, and deposit and send funds using the kiosk to the  
8 wallet the scammer controls. After providing the instructions,  
9 the scammer stays in constant contact with the prospective  
10 victim until the payment is completed.

11 The legislature also finds that after the scams are  
12 complete, victims face significant barriers to recovering their  
13 losses. First, scammers quickly route funds to offshore  
14 platforms once the transactions are complete, which makes it  
15 very difficult to recover from the scammers. Second, the  
16 operators have consistently argued that, while the cash may be  
17 in the machine, the victim's money has already been transferred  
18 to the scammer, and the operator is unable to assist the victim  
19 in recovering the money.

20 The legislature finds that the proliferation of digital  
21 financial asset transaction kiosks and their increased use to



1 facilitate scam payments has led to Americans losing millions of  
2 dollars. In 2024, the Federal Bureau of Investigation's  
3 Internet Crime Complaint Center received more than 10,956  
4 complaints reporting the use of kiosks, with reported victim  
5 losses of approximately \$246,700,000. That represents a ninety-  
6 nine per cent increase in the number of complaints and thirty-  
7 one per cent increase in reported victim losses from 2023. In  
8 the first six months of 2025, Americans lost around \$240,000,000  
9 in kiosk scams, a rate that is twice as high as in 2024.

10 Furthermore, several independent investigations, including  
11 investigations by the attorneys general for the District of  
12 Columbia and Iowa, have determined that a significant portion of  
13 transactions - as high as ninety per cent - were fraudulent  
14 transactions. Therefore, these kiosks pose a significant threat  
15 to the financial safety of the residents of this State.

16 Accordingly, the purpose of this Act is to prohibit,  
17 beginning October 1, 2026, the ownership, operation, or  
18 management of a digital financial asset transaction kiosk that  
19 accepts United States currency from a customer in exchange for a  
20 digital financial asset.



1 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is  
2 amended by adding a new section to part I to be appropriately  
3 designated and to read as follows:

4 "§481B- Digital financial asset transaction kiosks;  
5 prohibition on deposits. (a) Beginning October 1, 2026, it  
6 shall be an unlawful practice under this chapter for an operator  
7 to own, operate, or manage in the State a digital financial  
8 asset transaction kiosk that accepts United States currency from  
9 a customer in exchange for a digital financial asset.

10 (b) Nothing in this section shall prohibit an operator  
11 from owning, operating, or managing in the State a digital  
12 financial asset transaction kiosk that accepts a digital  
13 financial asset from a customer in exchange for:

14 (1) A different digital financial asset; or

15 (2) United States currency.

16 (c) Each transaction in violation of subsection (a) shall  
17 be a separate offense.

18 (d) As used in this section:

19 "Cash" means physical United States currency, including  
20 coins and paper currency.



1       "Digital financial asset" means a digital representation of  
2 value that is used as a medium of exchange, unit of account, or  
3 store of value, and that is not legal tender, regardless of  
4 whether denominated in legal tender. "Digital financial asset"  
5 does not include:

6       (1) A transaction in which a merchant grants, as part of  
7 an affinity or rewards program, value that cannot be  
8 taken from or exchanged with the merchant for legal  
9 tender, bank or credit union credit, or a digital  
10 financial asset;

11       (2) A digital representation of value issued by or on  
12 behalf of a publisher and used solely within an online  
13 game, game platform, or family of games sold by the  
14 same publisher or offered on the same game platform;  
15 or

16       (3) A security registered with or exempt from registration  
17 with the United States Securities and Exchange  
18 Commission or a security registered or exempt from  
19 registration under chapter 485A.

20       "Digital financial asset transaction kiosk" means an  
21 electronic information processing device that is capable of



1 accepting or dispensing United States currency by means of  
2 credit card or cash in exchange for a digital financial asset.

3 "Operator" means a person who owns, operates, or manages a  
4 digital financial asset transaction kiosk located in the State."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Consumer Protection; Digital Financial Assets; Virtual Currencies; Kiosks; Prohibition; Purchases

**Description:**

Beginning 10/1/2026, prohibits the ownership, operation, or management of a digital financial asset transaction kiosk that accepts United States currency from a customer in exchange for a digital financial asset. (CD1)

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