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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 ID, the customer  
10 enters the address of the wallet that will receive the purchased  
11 digital financial asset. The address could be the customer's  
12 own wallet or that of a third party. Finally, the customer  
13 inserts cash or a debit or credit card into the machine to  
14 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, 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:

- 17 (1) Establish limits on transactions through digital  
18 financial asset transaction kiosks; and  
19 (2) Require operators of digital financial asset  
20 transaction kiosks to:



- 1 (A) Use blockchain analytics and tracing software to
- 2 prevent fraud;
- 3 (B) Make certain disclosures;
- 4 (C) Provide receipts to customers;
- 5 (D) Provide full refunds under certain circumstances;
- 6 (E) Hold new customer transactions for a period of at
- 7 least forty-eight hours; and
- 8 (F) Provide live customer service and a dedicated
- 9 communications line for the department of the
- 10 attorney general, office of consumer protection,
- 11 department of law enforcement, and county police
- 12 departments.

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

16 "§481B- Digital financial asset transaction kiosks;  
 17 daily cap; fraud; disclosures. (a) An operator shall not  
 18 accept transactions from a single customer through a digital  
 19 financial asset transaction kiosk of more than:

- 20 (1) \$2,000 or the equivalent in digital financial assets
- 21 per day; and



1        (2) \$10,000 or the equivalent in digital financial assets  
2            in any thirty-day period;  
3 provided that the transaction limits shall apply to each  
4 operator in the aggregate; provided further that no operator  
5 shall accept transactions exceeding the applicable limit for  
6 their respective time period.

7        (b) All operators shall use blockchain analytics and  
8 tracing software to prevent digital financial assets from being  
9 sent to a digital financial asset wallet known or likely to be  
10 affiliated with fraudulent activity at the time of transaction  
11 and to detect transaction patterns indicative of fraud or other  
12 illicit activities. Operators shall block transactions to  
13 digital financial asset wallets associated with overseas  
14 exchanges inaccessible to users in the United States. The  
15 attorney general, executive director of the office of consumer  
16 protection, director of law enforcement, and county police  
17 departments may obtain evidence from an operator related to the  
18 operator's current use of blockchain analytics.

19        (c) An operator shall disclose in a clear, conspicuous,  
20 and easily readable manner all relevant terms and conditions  
21 generally associated with the products, services, and activities



1 of the digital financial asset transaction kiosk, including but  
2 not limited to transaction charges collected and exchange rates  
3 used by the operator.

4 (d) An operator shall display a warning on the digital  
5 financial asset transaction kiosk or on the screen of the kiosk,  
6 written prominently in bold type and provided separately from  
7 any other disclosure made pursuant to this section, in  
8 substantially the following form:

9 "WARNING: This technology can be used to defraud you. If  
10 someone asked you to deposit money in this machine and/or is on  
11 the phone with you and claims to be a:

12 (1) Government agent;

13 (2) Computer software representative;

14 (3) Bill collector;

15 (4) Law enforcement officer; or

16 (5) Anyone you do not personally know,

17 STOP THIS TRANSACTION IMMEDIATELY and contact your local law  
18 enforcement and digital financial asset transaction kiosk  
19 operator. This is a scam. NEVER SEND MONEY to someone you  
20 don't know."



1       (e) An operator shall disclose the material risks  
2 associated with digital financial assets and digital financial  
3 asset transactions to the customer at the digital financial  
4 asset transaction kiosk, including disclosures that inform the  
5 customer that digital financial assets:

6       (1) Are not issued or backed by the United States  
7 government and are not legal tender in the United  
8 States;

9       (2) Are not subject to protection by the Federal Deposit  
10 Insurance Corporation, National Credit Union  
11 Administration, or Securities Investor Protection  
12 Corporation; and

13       (3) May fluctuate significantly in value relative to the  
14 United States dollar.

15       (f) An operator shall disclose the following information  
16 to the customer at the digital financial asset transaction kiosk  
17 or the first screen of the kiosk:

18       (1) The name, address, and telephone number of the  
19 operator;

20       (2) The days, time, and means of contact a customer may  
21 utilize to contact the operator for assistance; and



1       (3) Any state and county law enforcement and relevant  
2               government agency for reporting fraud.

3       (g) Any disclosure made by an operator pursuant to this  
4 section shall not deprive a customer of receiving a refund.

5       (h) Upon completion of each transaction, the operator  
6 shall provide the customer with paper and electronic receipts in  
7 a retainable form. The receipt shall include the following  
8 information:

9       (1) The operator's name and toll-free customer service  
10               phone number;

11       (2) Relevant contact information for state and county law  
12               enforcement and any relevant government agency for  
13               reporting fraud;

14       (3) Type, value, date, and precise time of the  
15               transaction;

16       (4) Each applicable digital financial asset address and  
17               transaction hash where available;

18       (5) All charges;

19       (6) Exchange rate of the digital financial assets to  
20               United States dollars;

21       (7) The operator's refund policy;



- 1       (8) Any additional information as determined by the  
2       operator; and
- 3       (9) Any additional information required by the applicable  
4       state or county law enforcement or relevant government  
5       agency.
- 6       (i) When a customer reports a fraudulent transaction, the  
7       operator shall issue a refund to the customer in the full amount  
8       of all transactions paid by the defrauded customer, including  
9       but not limited to any transaction charges, at the time of the  
10       transaction, regardless of any acknowledgements the customer may  
11       have made before finalizing the transactions; provided that the  
12       customer:
- 13       (1) Has engaged in a transaction or transactions involving  
14       the digital financial asset transaction kiosk where  
15       fraud occurred, whether authorized or unauthorized;
- 16       (2) Contacted the operator to inform the operator of the  
17       fraudulent nature of the transaction or transactions  
18       at issue within ninety days after the last transaction  
19       occurred or after the customer became aware of the  
20       fraud; and



1       (3) Submitted a police report, government agency report,  
2       or sworn statement detailing the fraudulent nature of  
3       the transaction or transactions to the operator within  
4       one hundred twenty days after contacting the operator.

5       The refund under this subsection shall be paid in the  
6       originating currency of the transaction. The operator shall  
7       issue a full refund within seventy-two hours after being  
8       notified by the defrauded customer and receiving a copy of the  
9       police or government agency's report or sworn statement.

10       (j) All operators shall hold each digital financial asset  
11       transaction made by a new customer for a period of at least  
12       forty-eight hours, after which the operator shall complete the  
13       transaction. No operator shall allow a new customer to complete  
14       a digital financial asset transaction until the hold period has  
15       elapsed. During the hold period, the new customer may contact  
16       the operator to request the cancellation and full refund of the  
17       transaction and the operator shall provide a full refund  
18       pursuant to this section.

19       (k) All operators shall provide live customer service  
20       during operating hours and between the hours of 8:00 a.m. and  
21       10:00 p.m. Hawaii Standard Time. The customer service toll-free



1 number shall be displayed on the digital financial asset  
2 transaction kiosk or on the screen of the kiosk.

3 (l) All operators performing business in the State shall  
4 provide a dedicated communications line for the attorney  
5 general, office of consumer protection, department of law  
6 enforcement, and county police departments via a United States  
7 telephone number or electronic mail address. The dedicated  
8 communications line shall be used to facilitate law enforcement  
9 and government agency communications with the operator in the  
10 event of a fraud report from a customer. Upon request from a  
11 law enforcement or government agency, an operator shall provide  
12 its trace findings and provide blockchain analytics to assist  
13 the law enforcement or government agency in any investigative  
14 matters related to the potential fraud.

15 (m) For the purposes of this section:

16 "Cash" means physical United States currency, including  
17 coins and paper currency.

18 "Customer" means any individual or entity that initiates,  
19 authorizes, or completes a transaction involving digital  
20 financial assets through a digital financial asset transaction



1 kiosk, whether for the purpose of purchasing, selling,  
2 transferring, or otherwise exchanging digital financial assets.

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

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

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

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



1       "Digital financial asset transaction" means a transaction  
2 conducted or performed, in whole or in part, by electronic means  
3 via a digital financial asset transaction kiosk or other means  
4 that facilitates or enables the purchase of digital financial  
5 assets through a product or application that directs the  
6 customer to remit payment in person, including through a clerk  
7 or other intermediary, for the purpose of completing the  
8 transaction.

9       "Digital financial asset transaction kiosk" means an  
10 electronic information processing device that is capable of  
11 accepting or dispensing United States currency by means of  
12 credit card or cash in exchange for a digital financial asset.

13       "Digital financial asset wallet" means a software program  
14 or an application that stores digital financial assets.

15       "New customer" means a customer who has initiated,  
16 authorized, or completed the customer's first digital financial  
17 asset transaction involving a digital financial asset  
18 transaction kiosk within the past fourteen days.

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

21       SECTION 3. New statutory material is underscored.



**1** SECTION 4. This Act shall take effect on July 1, 3000.



**Report Title:**

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

**Description:**

Establishes limits on transactions through digital financial asset transaction kiosks. Requires operators of digital financial asset transaction kiosks to use blockchain analytics and tracing software to prevent fraud; make certain disclosures; provide receipts to customers; provide full refunds under certain circumstances; hold new customer transactions for a period of at least forty-eight hours; and provide live customer service and a dedicated communications line for the Attorney General, Office of Consumer Protection, Department of Law Enforcement, and county police departments. Effective 7/1/3000. (SD1)

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