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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 - commonly referred to 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, or the customer service representative of  
3 a company. Once contact is made, the scammer provides detailed  
4 instructions to the prospective victim, including how to  
5 withdraw cash from the victim's bank, locate the kiosk,  
6 circumvent a kiosk's safeguards, and deposit and send funds  
7 using the kiosk to the wallet the scammer controls. After  
8 providing the instructions, the scammer stays in constant  
9 contact with the prospective victim until the payment is  
10 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, various independent investigations have found  
11 that a significant portion of transactions on some machines, in  
12 some cases as high as ninety per cent, were fraudulent  
13 transactions. Therefore, these kiosks are abnormally dangerous  
14 and pose a significant threat to the financial safety of the  
15 residents of this State.

16 Accordingly, the purpose of this Act is to subject hosts of  
17 digital financial asset transaction kiosks to civil penalties  
18 for acts of fraud committed through the use of the digital  
19 financial asset transaction kiosk located on the host's  
20 premises.



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

4 **"§481B- Digital financial asset kiosk; fraud; host**  
5 **liability.** (a) A host of a digital financial asset transaction  
6 kiosk shall have a duty to supervise the use of the digital  
7 financial asset transaction kiosk to prevent acts of fraud being  
8 committed through the use of the digital financial asset  
9 transaction kiosk on the host's premises.

10 (b) Notwithstanding any provision in chapter 480 to the  
11 contrary, if an act of fraud is committed through the use of the  
12 digital financial asset kiosk on the host's premises, the host  
13 shall be fined \$500, which shall be collected in the manner  
14 provided in section 480-3.1.

15 (c) In the case of hosts that enter into a contractual  
16 relationship with an operator to host the operator's digital  
17 financial asset transaction kiosk on the person's premises, this  
18 section shall apply to:

19 (1) Contracts to host an operator's digital financial  
20 asset transaction kiosk entered into on or after the  
21 effective date of this Act; and



1           (2) Beginning July 1, 2027, all contracts to host an  
2           operator's digital financial asset transaction kiosk  
3           in effect as of the day before the effective date of  
4           this Act.

5           (d) For purposes of this section:

6           "Cash" means physical United States currency, both coins  
7           and paper currency.

8           "Digital financial asset" means a digital representation of  
9           value that is used as a medium of exchange, unit of account, or  
10          store of value, and that is not legal tender, regardless of  
11          whether denominated in legal tender. "Digital financial asset"  
12          does not include:

13          (1) A transaction in which a merchant grants, as part of  
14          an affinity or rewards program, value that cannot be  
15          taken from or exchanged with the merchant for legal  
16          tender, bank or credit union credit, or a digital  
17          financial asset;

18          (2) A digital representation of value issued by or on  
19          behalf of a publisher and used solely within an online  
20          game, game platform, or family of games sold by the



1                   same publisher or offered on the same game platform;

2                   or

3                   (3) A security registered with or exempt from registration  
4                   with the United States Securities and Exchange  
5                   Commission or a security registered or exempt from  
6                   registration under chapter 485A.

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

11                   "Host of a digital financial asset transaction kiosk" or  
12                   "host" means:

13                   (1) An operator, if the digital financial asset  
14                   transaction kiosk is located on the premises owned or  
15                   leased by the operator; or  
16                   (2) A person that is in a contractual relationship with an  
17                   operator to host the operator's digital financial  
18                   asset transaction kiosk on the person's premises.

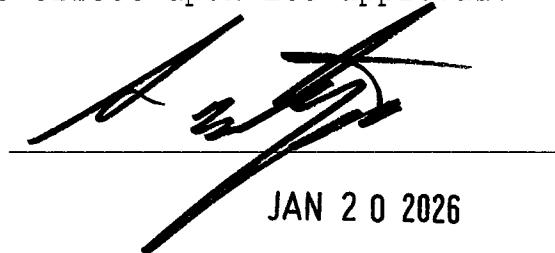
19                   "Operator" means a person who owns, operates, or manages a  
20                   digital financial asset transaction kiosk located in the State."

21                   SECTION 3. New statutory material is underscored.



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

2

INTRODUCED BY: 

JAN 20 2026



# H.B. NO. 1647

**Report Title:**

Digital Financial Asset Transaction Kiosk; Hosts; Liability

**Description:**

Subjects hosts of digital financial asset transaction kiosks to civil penalties for acts of fraud committed through the use of the digital financial asset transaction kiosk located on the host's premises. Applies to contracts to host digital financial asset transaction kiosks that are entered into on or after the effective date of this Act. Beginning 7/1/2027, applies to contracts to host digital financial asset transaction kiosks that are in effect as of the day before the effective date of this Act.

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