

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Matias Goldenhörn  
Chief Executive Officer  
Athena Bitcoin  
1 SE 3rd Avenue Suite 2740  
Miami, FL 33131

Dear Mr. Goldenhörn:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Athena Bitcoin must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, *THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT* (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve Athena Bitcoin from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions Athena Bitcoin is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does Athena Bitcoin display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does Athena Bitcoin require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does Athena Bitcoin have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does Athena Bitcoin limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on an Athena Bitcoin BTM?
6. Does Athena Bitcoin hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does Athena Bitcoin warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does Athena Bitcoin insure depositors against fraud?
8. What customer support does Athena Bitcoin offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Brandon Mintz  
President and Chief Executive Officer  
Bitcoin Depot  
2870 Peachtree Road #327  
Atlanta, GA 30305

Dear Mr. Mintz:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Bitcoin Depot must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve Bitcoin Depot from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions Bitcoin Depot is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does Bitcoin Depot display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does Bitcoin Depot require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does Bitcoin Depot have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does Bitcoin Depot limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a Bitcoin Depot BTM?
6. Does Bitcoin Depot hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does Bitcoin Depot warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does Bitcoin Depot insure depositors against fraud?
8. What customer support does Bitcoin Depot offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Andrew Barnard  
Chief Executive Officer  
Bitstop  
3611 S Dixie Highway  
Miami, FL 33133

Dear Mr. Barnard:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Bitstop must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, *THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT* (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve Bitstop from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions Bitstop is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does Bitstop display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does Bitstop require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does Bitstop have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does Bitstop limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a Bitstop BTM?
6. Does Bitstop hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does Bitstop warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does Bitstop insure depositors against fraud?
8. What customer support does Bitstop offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Paul Tarantino  
Chief Executive Officer  
Byte Federal  
2389 East Venice Avenue Box 504  
Venice, FL 34292

Dear Mr. Tarantino:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Byte Federal must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, *THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT* (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

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Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve Byte Federal from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions Byte Federal is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does Byte Federal display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does Byte Federal require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does Byte Federal have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does Byte Federal limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a Byte Federal BTM?
6. Does Byte Federal hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does Byte Federal warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does Byte Federal insure depositors against fraud?
8. What customer support does Byte Federal offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Ayman Rida  
Chief Executive Officer  
Cash2Bitcoin  
1660 N Telegraph Road  
Dearborn, MI, 48128

Dear Mr. Rida:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Cash2Bitcoin must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve Cash2Bitcoin from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions Cash2Bitcoin is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does Cash2Bitcoin display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, LOS ANGELES TIMES (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does Cash2Bitcoin require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does Cash2Bitcoin have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does Cash2Bitcoin limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a Cash2Bitcoin BTM?
6. Does Cash2Bitcoin hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does Cash2Bitcoin warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does Cash2Bitcoin insure depositors against fraud?
8. What customer support does Cash2Bitcoin offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Ben Weiss  
Chief Executive Officer  
CoinFlip  
433 W Van Buren Street Suite 1050N  
Chicago, IL 60607

Dear Mr. Weiss:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, CoinFlip must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not CoinFlip from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions CoinFlip is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does CoinFlip display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does CoinFlip require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does CoinFlip have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does CoinFlip limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a CoinFlip BTM?
6. Does CoinFlip hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does CoinFlip warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does CoinFlip insure depositors against fraud?
8. What customer support does CoinFlip offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Logan Short  
Chief Executive Officer  
Coinhub  
3430 E. Russell Road #330  
Las Vegas, NV 89120

Dear Mr. Short:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Coinhub must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve Coinhub from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions Coinhub is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does Coinhub display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does Coinhub require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does Coinhub have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does Coinhub limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a Coinhub BTM?
6. Does Coinhub hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does Coinhub warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does Coinhub insure depositors against fraud?
8. What customer support does Coinhub offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Austin Haller  
Chief Executive Officer  
Margo  
101 N Queen Street  
Lancaster, PA 17603

Dear Mr. Haller:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Margo must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

<sup>3</sup> FEDERAL BUREAU OF INVESTIGATION, THE FBI WARNS OF FRAUDULENT SCHEMES LEVERAGING CRYPTOCURRENCY ATMS AND QR CODES TO FACILITATE PAYMENT (Nov. 4, 2021), available at <https://www.ic3.gov/Media/Y2021/PSA211104>.

This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve Margo from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions Margo is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does Margo display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

<sup>7</sup> Emma Fletcher, *Bitcoin ATMs: A payment portal for scammers*, FEDERAL TRADE COMMISSION (Sept. 3, 2024), available at <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>.

<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does Margo require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does Margo have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does Margo limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a Margo BTM?
6. Does Margo hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does Margo warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does Margo insure depositors against fraud?
8. What customer support does Margo offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Michael Dalesandro  
Chief Executive Officer  
RockItCoin  
325 W Huron Street #310  
Chicago, IL 60654

Dear Mr. Dalesandro:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, RockItCoin must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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<sup>1</sup> See Sari Harrar, *What to Know About Cryptocurrency ATMs and Why Criminals Love Them*, AARP, (Mar. 29, 2024), <https://www.aarp.org/money/scams-fraud/info-2024/crypto-atm.html>.

<sup>2</sup> See *Bitcoin ATMs in the United States*, COIN ATM RADAR, <https://coinatmradar.com/country/226/bitcoin-atm-united-states/> (last visited Sept. 5, 2024).

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This scheme has played out time and again in cities and towns across the United States. Earlier this summer, a small business owner in Springfield, Illinois, reported that a Coinhub BTM in his store repeatedly had been used by elderly individuals to deposit large sums of money at the urging of fraudsters. As he explained, “Scammers find these vulnerable people that aren’t up on the latest technologies and they scare them on the phone, they tell them they are from the bank or the FBI and they are being watched, and they need to drop the money into this bitcoin machine.”<sup>4</sup> Similar scenarios have played out in Texas,<sup>5</sup> California,<sup>6</sup> and seemingly every other state in the country.

According to data recently released by the Federal Trade Commission, BTM scams have exploded in recent years. Between 2020 and 2023, the amount consumers reported losing in this form of fraud increased nearly tenfold—from \$12 million to \$114 million. In the first half of this year alone, victims lost a whopping \$65 million. And criminals are targeting elderly Americans, with people age 60 and older more than three times as likely to report a loss using a BTM than younger adults.<sup>7</sup>

Small business owners and everyday citizens have tried to step in and stop this increasing criminal activity on BTMs. The aforementioned small business owner in Springfield had the BTM removed from his store;<sup>8</sup> another Springfield shop owner taped a fraud warning to the screen of the BTM in his shop;<sup>9</sup> and a good Samaritan in Texas called 911 to enlist police assistance to stop an elderly woman in her 80s from depositing \$40,000 of her savings in the Bitcoin wallet of a criminal.<sup>10</sup>

While the actions of these good Samaritans are laudable, they do not absolve RockItCoin from taking all requisite steps to ensure your BTMs are not used to perpetuate fraud.

To better understand what actions RockItCoin is taking to address this problem and what legislation may be necessary, we ask that you respond to the following questions no later than October 4, 2024:

1. Does RockItCoin display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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<sup>4</sup> David Blanchette, *No more bitcoin for one Springfield business*, ILLINOIS TIMES (July 26, 2024), available at <https://www.illinoistimes.com/news-opinion/no-more-bitcoin-for-one-springfield-business-18836453#>.

<sup>5</sup> Peyton Yager, *North Texas officer confronts man on phone scamming elderly woman: 'You freaking moron!'*, FOX4 NEWS (July 14, 2024), available at <https://www.fox4news.com/news/white-settlement-scammer-phone-call-bitcoin-atm-scam-with-elderly-woman>.

<sup>6</sup> See, e.g., Queenie Wong, *Scammers exploit bitcoin ATMs. Will new California laws help crack down on fraud?*, Los Angeles Times (Oct. 22, 2023), available at <https://www.latimes.com/california/story/2023-10-22/scammers-are-exploiting-bitcoin-atms-will-new-limits-help-crack-down-on-fraud>.

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<sup>8</sup> See *supra*, footnote 4.

<sup>9</sup> See *id.*

<sup>10</sup> See *supra*, footnote 5.

2. What form of identification, if any, does RockItCoin require a customer to provide when making a deposit or other transaction? Does the form of identification differ depending on transaction size?
3. Does RockItCoin have a minimum or maximum amount on the transaction size permitted on one of your BTMs?
4. Does RockItCoin limit the amount an individual can deposit or transfer in a single day, week, or other period of time?
5. What is the average deposit and average transfer on a RockItCoin BTM?
6. Does RockItCoin hold deposited and transferred funds for any period of time or take any other measures to allow transactions to be reversed in the case of fraud or mistake? If not, does RockItCoin warn customers that funds deposited in or transferred to another individual's Bitcoin wallet cannot be recovered even if the transaction was the result of fraud or mistake?
7. Does RockItCoin insure depositors against fraud?
8. What customer support does RockItCoin offer if an individual is defrauded?

We look forward to your prompt response.

Sincerely,



Richard J. Durbin  
United States Senator



Richard Blumenthal  
United States Senator



Elizabeth Warren  
United States Senator



Tina Smith  
United States Senator



Sheldon Whitehouse  
United States Senator



Peter Welch  
United States Senator



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Jack Reed

United States Senator

# United States Senate

WASHINGTON, DC 20510

September 11, 2024

Emilio Pagan-Yournio  
President  
Unbank  
1405 N Congress Avenue Suite 13  
Delray Beach, FL 33445

Dear Mr. Pagan-Yournio:

We write to call on you to take immediate action to address troubling reports that your Bitcoin ATMs (BTMs) are contributing to widespread financial fraud against elderly Americans. Cryptocurrencies, including Bitcoin, have long been associated with criminal activity. The relative anonymity and irreversibility of cryptocurrency transactions has made them particularly attractive to fraudsters. As companies like yours have staged BTMs in a variety of businesses—sometimes even paying businesses to host your BTMs—there has been a marked increase in Bitcoin scams impacting elderly Americans. In light of these troubling reports, Unbank must take all necessary steps to address this trend.

While Bitcoin has existed since 2009, BTMs only recently became widely available. These kiosks, which allow individuals to buy or sell Bitcoins with deposited cash, were first introduced in 2013. While only approximately 1,200 BTMs were available in the United States at the end of 2017,<sup>1</sup> that number has since grown to over 32,000.<sup>2</sup> Today, BTMs are found in a variety of supermarkets, convenience stores, gas stations, restaurants, liquor stores, and laundromats.

As BTMs have become more prevalent and accessible, they increasingly have become a favored tool of criminals looking to prey upon elderly Americans. A 2021 FBI Public Service Announcement described the common features of this fraud. “The scammer often requests payment from the victim and may direct the victim to withdraw money from the victim’s financial accounts, such as investment or retirement accounts. The scammers provide a QR code associated with the scammer’s cryptocurrency wallet for the victim to use during the transaction. The scammer then directs the victim to a physical cryptocurrency ATM to insert their money, purchase cryptocurrency, and use the provided QR code to auto-populate the recipient address. Often the scammer is in constant online communication with the victim and provides step-by-step instructions until the payment is completed.”<sup>3</sup>

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1. Does Unbank display a warning or other notification to customers that BTMs have been used to perpetuate fraud?

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