



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

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REGULATORY GUIDANCE ON FRAUD PREVENTION MEASURES
REQUIRED OF BITCOIN ATM OPERATORS UNDER THE
WISCONSIN MONEY TRANSMISSION LAW

The Wisconsin Department of Financial Institutions – Division of Banking administers Wisconsin’s Money Transmission Law, which governs the licensure and regulation of money transmitters doing business in this state. Money transmitters include those engaged in the business of receiving money for transmission, as well as those engaged in selling or issuing payment instruments or stored value.¹

Virtual currency kiosks, or “BTMs,” are fixed machines placed in heavily trafficked locations (grocery stores, gas stations, etc.) that enable users to engage in various cryptocurrency-related transactions. These transactions can involve money transmission. For example, a BTM user in this state may deposit cash into the machine to purchase cryptocurrency, which must be delivered to a specific virtual wallet or address. If the wallet or address belongs to a third party, then the operator has engaged in money transmission under Wisconsin law.

Because ownership of virtual wallets and addresses is anonymous, a BTM operator cannot feasibly prevent its machines from being used for money transmission. Therefore, the Division requires BTM operators to obtain a money transmission license and comply with Wisconsin’s Money Transmission Law.

In recent months, there has been an alarming uptick in reports of fraud facilitated by the use of BTMs. The Federal Trade Commission reported that Americans lost more than \$65 million to scams involving BTMs over the first six months of 2024 alone, often with the same general modus operandi:

Many of these scams start with a call or message about something supposedly wrong: they might say there’s suspicious activity on your Amazon account, for example, or unauthorized charges on your bank account. (Untrue.) The caller will say your money is at risk, or even that you’re somehow linked to money laundering or drug smuggling, but they can help. (Also false.) They tell you to withdraw cash from your bank, investment, or retirement accounts and deposit it into a specific BTM. This, they say, will protect your money or fix the alleged

¹ Wis. Stat. § 217.02(17).

problem. But it's all a lie. Once you deposit the cash, it goes straight into the scammer's wallet.²

Cryptocurrency-related scams accounted for almost 50 percent of the total financial losses from financial fraud complaints received by the Federal Bureau of Investigation in 2023,³ and BTMs are used for illicit transactions at double the rate of the overall cryptocurrency industry.⁴ Earlier this year, the Iowa Attorney General published the results of an investigation finding that the overwhelming majority of BTM transactions in that state were scam-related.⁵ These findings match on-the-ground reports from Wisconsin law enforcement agencies and this Department's Division of Securities, which is experiencing a significant increase in the number of complaints by Wisconsin victims of scams facilitated by BTMs.

Wisconsin's Money Transmission Law, which took effect on January 1 of this year, requires BTM operators and other money transmitters doing business in this state to implement measures to reduce fraud. Among other requirements, the law:

- Restricts them from transmitting a sender's money if the operator "has a reasonable belief, or a reasonable basis to believe, that the sender is a victim of fraud or that the transaction relates to a crime"⁶;
- Requires them to comply with all currency reporting, record keeping, and suspicious activity reporting requirements set forth in the Bank Secrecy Act and other federal and state laws pertaining to money laundering⁷; and
- Authorizes the Division to deny, suspend, or revoke their licensure if they are grossly negligent, if they engage in "unsafe or unsound practices in connection with the business of money transmission,"⁸ or if their financial responsibility, character, reputation, and general fitness indicate that it is not in the public interest to permit them to engage in money transmission in this state.⁹

² FEDERAL TRADE COMMISSION, [New FTC Data Shows Massive Increase in Losses to Bitcoin ATM Scams](#) (Sep. 3, 2024) (last visited May 2025).

³ FEDERAL BUREAU OF INVESTIGATION, [CRYPTOCURRENCY FRAUD REPORT 2023](#), at 3 (last visited May 2025).

⁴ TRM LABS, [Rate of Illicit Activity at Crypto ATMs is Double That of Overall Crypto Industry](#) (Aug. 28, 2024) (last visited May 2025).

⁵ OFFICE OF THE IOWA ATT'Y GEN., [Slam the Scam: Cracking Down on the Crypto ATM Con](#) (last visited May 2025). Iowa has commenced litigation against two BTM operators in the state for, among other things, failing to take adequate steps to prevent and mitigate scams facilitated by their machines. See [Iowa v. Lux Vending, LLC & Bitcoin Depot Operating, LLC](#), No. 05771 EQCE091176 (Polk Cty., Iowa Dist. Ct. filed Feb. 26, 2025); [Iowa v. GPD Holdings LLC d/b/a CoinFlip](#), No. 05771 EQCE091172 (Polk Cty., Iowa Dist. Ct. filed Feb. 26, 2025).

⁶ Wis. Stat. § 217.09(1).

⁷ Wis. Stat. § 217.07(5)

⁸ Wis. Stat. § 217.05(7)(a)3, 5, 10.

⁹ Wis. Stat. § 217.05(7)(a)10.

This document is intended to provide guidance as to how the agency intends to apply these provisions with respect to BTM operators, in light of the heightened risk of fraud facilitated by their machines. To ensure safe and sound practices relating to fraud prevention and mitigation, operators must implement the following measures with respect to their BTMs in this state:

Daily transaction limits. To mitigate the scale of losses associated with scams, a BTM operator may not accept or dispense more than \$2,000 of cash per day per customer in this state. This is consistent with BTM transaction limits in effect in other states,¹⁰ and it is necessary to reduce the harm resulting from scams that often depend on sowing confusion, distress, and urgency in their victims.

Special fraud warnings. In addition to the transaction terms, receipts, and other disclosures required by Wis. Stat. § 217.09, BTM operators must provide customers with a specific warning intended to alert them to the possibility they are being scammed:

FRAUD ALERT! Criminals seek to defraud virtual currency customers by impersonating loved ones, government officials, law enforcement officers, or charities; threatening jail time; stating that your identity was stolen or your accounts frozen; or claiming your computer was hacked. IF SOMEONE YOU DON'T KNOW IS ASKING YOU TO SEND VIRTUAL CURRENCY FROM THIS MACHINE, DO NOT PROCEED WITH THE TRANSACTION. LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS MAY NOT BE RECOVERABLE.

This warning must be physically affixed on the front of the BTM, within the field of vision of the customer, using at least 20-point font. In addition, the warning must be displayed electronically on the BTM screen each time a customer begins a transaction, prior to displaying any other written disclosures, and it must be acknowledged by the customer before any transaction may proceed.

Anti-fraud policies and procedures. A BTM operator doing business in this state must maintain a written anti-fraud policy that, at a minimum, identifies fraud-related risks, the operator's procedures to monitor and protect against those risks, and its process for updating and revising these procedures to address new or evolving threats and prevention measures. The policy must also specify the operator's procedures for identifying and preventing transmission to virtual currency wallets that have been identified by the operator or reliable third parties as sanctioned or high-risk.

BTM operators doing business in this state must implement these anti-fraud measures within 60 days of the date of this guidance. After that time, any operator that (1) permits

¹⁰ Minnesota and several other states have established daily transaction limits for BTMs, which generally range from \$1,000 to \$2,000 per customer. See Cal. Fin. Code § 3902; Conn. Gen. Stat. § 36a-613(g)(1); Minn. Stat. § 53B.75, subdiv. 5(a); Vt. Stat. § 2577(a). While some states have authorized higher transaction limits for repeat customers, the Department is concerned that these higher limits for repeat customers may exacerbate the losses associated with "pig butchering" and "romance" scams in which the scammers form longer-term relationships with their victims and drain their funds over time.

transactions in excess of the \$2,000 per-customer daily transaction limit, (2) fails to provide customers with conspicuous warnings regarding known BTM-related scams and frauds, or (3) neglects to maintain and follow sufficient anti-fraud policies and procedures, will be considered to be engaged in unsafe and unsound practices in connection with the business of money transmission. The Division will take regulatory action to address such practices, which may include suspension or revocation of the operator's money transmission license and restitution for scam victims who suffer losses that could have been avoided through these measures.¹¹

In addition to the anti-fraud measures described in this guidance, BTM operators must comply with all other requirements of the Money Transmission Law, including licensure and disclosure to the Division of all locations in the state where BTMs are operated.¹² Any companies found operating BTMs in this state without a money transmission license will be subject to administrative action and penalties, which may include the forfeiture of all fees received from Wisconsin residents during the period of unlicensed activity.¹³

¹¹ See Wis. Stat. §§ 217.05(7)(a)3. (licenses may be suspended or revoked for engaging “in unsafe and unsound practices in connection with the business of money transmission”), 220.04(9)(d) (authorizing the Division to order regulated entities and their officers “to correct the conditions resulting from” a violation of law or unsafe/unsound practice).

¹² Wis. Stat. § 217.05(3)(b)5.

¹³ Wis. Stat. § 220.04(9)(d); *Morgan Drexen, Inc. v. Wis. Dep’t of Fin. Insts.*, 2015 WI App 27, 361 Wis. 2d 271, 862 N.W.2d 329 (affirming order requiring unlicensed entity to disgorge more than \$4 million in fees received from Wisconsin residents during the period of unlicensed activity pursuant under Wis. Stat. § 220.04(9)(d)).