

Are You an Informed Investor? Bitcoin ATMs

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Bitcoin ATMs are playing a bigger role in scams than ever before. Federal Trade Commission data shows consumers reporting over \$110 million in losses to scams involving Bitcoin ATM machines in 2023, a tenfold increase since 2020.¹ Fraudsters are capitalizing on the increasing popularity and accessibility of these machines, and they are employing tried-and-true high-pressure tactics against their targets to entice them into using the machines to transfer money or other crypto assets to accounts the fraudsters control. It is important for consumers to understand what Bitcoin ATMs are, how the scams work, and what consumers can do to protect themselves.

¹ Bitcoin ATMs: A payment portal for scammers. (2024, September 3). Emma Fletcher, Federal Trade Commission. <https://www.ftc.gov/news-events/data-visualizations/data-spotlight/2024/09/bitcoin-atms-payment-portal-scammers>

What Are Bitcoin ATMs?

A Bitcoin ATM (also known by a number of other names, including Crypto ATM or cryptokiosk) is an electronic kiosk designed to facilitate buying cryptocurrencies using any financial transaction card, including a credit card or debit card. These machines look like traditional ATMs and are located in all the same kinds of places: gas stations, convenience stores, malls, and other high-traffic areas.

How Do Bitcoin ATMs Work?

You deposit money into the ATM. The ATM transfers the money into cryptocurrency and puts it into an electronic wallet for a fee. You provide the address of the wallet. There is not a limit on the transaction fees and most are very

high, ranging from 4% to more than 25% of the funds you put into the machine.

Using Bitcoin ATMs to Facilitate Scams

Bitcoin ATMs are increasingly being used as key players in crypto or Bitcoin scams.

The scams start through chats, social media, emails, texts, pop ups, and phone calls from strangers who tell you some urgent reason why you need to take cash out of your bank accounts and put it into a Bitcoin ATM. At the Bitcoin ATM, the scammer directs you to deposit the money and tells you to enter the scammer's own electronic wallet address, or gives you a QR code to scan that enters the scammer's electronic wallet address. The Bitcoin ATM then

converts your money into crypto and transfers it to the scammer's electronic wallet. The scammers quickly move the crypto to other wallets, making it very difficult to trace and recover.

In 2025, the Wisconsin Department of Financial Institutions issued guidance to Bitcoin ATM operators that restricts them from accepting more than \$2,000 of cash per day per customer in Wisconsin. This is to combat the high levels of fraud being committed utilizing Bitcoin ATMs. If you encounter a Bitcoin ATM that is accepting or dispensing more than \$2,000 of cash per day per customer, contact the WDFI.

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How to Protect Yourself

- **Slow down.** Scammers want you to rush out to the nearest Bitcoin ATM, put in your money, and send crypto to them. If you have been directed by someone to make a payment using a Bitcoin ATM, it is very likely that this is a scam.
- **Never click on links or answer unexpected calls, messages, or computer pop-ups. Don't respond to the person who contacted you.** Delete the message and report it as junk to your carrier.
- **Never withdraw cash in response to an unexpected call or message.**
- **Don't believe anyone who says you need to use a Bitcoin ATM to protect your money, or to fix a problem, or to get in on a great investment.** Real businesses and government agencies will never do that – and anyone who asks is a scammer.
- **Speak up.** Scammers will tell you not to speak to bank officials or others about what they're asking you to do, which isolates

you from people who could help stop you from being scammed. If someone tells you something is a secret, or information cannot be shared with anyone, it is likely a scam.

The Bottom Line

Be careful. Crypto transactions are designed to be anonymous and instantaneous, most scammers are located overseas, and most losses due to cryptocurrency scams are unrecoverable. If you are a victim of a scam, it is important to report it right away to law enforcement. Prompt reporting can increase the chances that your funds can be recovered, and it help protect others from being victimized. For more information or to report a scam, contact the Division of Securities at 608-266-2139.

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To learn more, contact the Wisconsin Department of Financial Institutions.

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