

HB303 INTRODUCED



1 HB303
2 JP3EE3YY-1
3 By Representative Bedsole
4 RFD: State Government
5 First Read: 21-Jan-26



SYNOPSIS:

This bill would require cryptocurrency kiosk operators to provide certain disclosures to a consumer during a transaction.

This bill would require kiosk operators to provide all receipts of transactions to the consumer and digital receipts to the Alabama Securities Commission.

This bill would provide fraud prevention measures for cryptocurrency transactions using kiosks and require operators to refund transactions that were fraudulently induced.

This bill would require operators to establish a consumer service line and a direct line of communication with local law enforcement agencies and the commission.

This bill would also provide civil and criminal penalties for certain violations of this section.

A BILL

TO BE ENTITLED

AN ACT

Relating to cryptocurrency; to add Section 8-7A-28 to



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the Code of Alabama 1975; to require operators of cryptocurrency kiosks to provide certain disclosures during a transaction; to require that kiosk operators provide a receipt for a cryptocurrency transaction; to implement certain fraud protection measures for cryptocurrency kiosk transactions and require refunds for fraudulently induced transactions; and to provide for certain civil and criminal penalties.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 8-7A-28 is added to the Code of Alabama 1975, to read as follows:

§8-7A-28

(a) This section shall be known and may be cited as the Cryptocurrency Kiosk Fraud Prevention Act.

(b) For purposes of this section, the following terms have the following meanings:

(1) BLOCKCHAIN ANALYTICS. Analysis of data from blockchains or publicly distributed ledgers, including associated transaction information.

(2) BLOCKCHAIN ANALYTICS AND TRACING SOFTWARE. A software service that uses blockchain analytics data to provide risk-specific information and tracing of virtual currency wallet addresses, among other virtual items.

(3) CHARGE. A fee or expense paid by the consumer.

(4) CONSUMER. Any individual who uses a cryptocurrency kiosk.

(5) CRYPTOCURRENCY. A virtual representation of value or rights that can be transferred, stored, or traded electronically and used for payments or investment purposes.



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(6) CRYPTOCURRENCY ADDRESS. An alphanumeric identifier that represents a potential destination for a cryptocurrency transfer. A cryptocurrency address is associated with a virtual wallet.

(7) CRYPTOCURRENCY KIOSK. A physical, electronic terminal that is a mechanical agent of the cryptocurrency kiosk operator and that enables a cryptocurrency kiosk operator to facilitate the purchase, sale, or exchange of cryptocurrency for money, bank credit, or other cryptocurrency.

(8) FINANCIAL INSTITUTION. Any bank, savings and loan association, or credit union operating in Alabama which is chartered under federal or state statutes.

(9) OPERATOR. Any person that engages in cryptocurrency business activity through a cryptocurrency kiosk located in Alabama or operates or manages a cryptocurrency kiosk.

(10) PRIVACY COIN. A cryptocurrency with privacy-enhancing features designed to increase anonymity and reduce or eliminate the ability for the cryptocurrency to be traced using blockchain analytics and tracing software.

(11) TRANSACTION. A transaction conducted or performed through a cryptocurrency kiosk to purchase or sell cryptocurrency.

(12) TRANSACTION HASH. A unique identifier made up of a string of characters that acts as a record of and provides proof that the transaction was verified and added to the blockchain.

(13) VIRTUAL WALLET. A software application or other



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electronic mechanism that provides a means to hold, store, or transfer cryptocurrency or nonfungible tokens.

(c)(1) A cryptocurrency kiosk operator shall disclose in a clear and conspicuous manner all relevant terms and conditions to use the products, services, kiosks, and other activities of the operator. The operator shall receive an acknowledgment of receipt of all disclosures required from a consumer through confirmation or consent. This disclosure shall include:

a. The United States dollar amount of the cryptocurrency involved in the transaction;

b. A listing, in United States dollars, of all fees and other charges to be collected by the cryptocurrency kiosk operator;

c. The total amount, in both the cryptocurrency and United States dollars, used in the transaction; and

d. The exchange rate clearly showing the difference between the market price of the cryptocurrency and the price of the cryptocurrency charged to the consumer.

(2)a. At the beginning of a transaction at a cryptocurrency kiosk, the operator shall ensure that the kiosk displays the following disclosures:

"WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER ONLINE, BY PHONE, OR BY TEXT WHO IS INITIATING A DISHONEST SCHEME OR CRIMINAL OR FRAUDULENT ACTIVITY THAT MAY APPEAR IN MANY FORMS, INCLUDING THE FOLLOWING:

1. COMMUNICATION INITIATED BY SOMEONE STARTING A ROMANTIC RELATIONSHIP WHO BEGINS ASKING FOR FUNDS FOR REASONS



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SUCH AS AN EMERGENCY OR TO PAY TO VISIT YOU.

2. PROMPTS TO CLICK ON DESKTOP POP-UPS THAT INCLUDE VIRUS WARNINGS OR COMMUNICATION FROM ALLEGED FAMILIAR MERCHANTS.

3. COMMUNICATIONS FROM SOMEONE IMPERSONATING A REPRESENTATIVE OF YOUR BANK OR A LAW ENFORCEMENT OFFICER.

4. CLAIMS OF A FROZEN BANK ACCOUNT OR CREDIT CARD.

5. CLAIMS OF A FRAUDULENT BANK TRANSACTION.

6. CLAIMS OF IDENTITY THEFT OR AN OFFER OF EMPLOYMENT IN EXCHANGE FOR PAYMENT.

7. REQUESTS FOR A PAYMENT TO A GOVERNMENT AGENCY OR COMPANY.

8. REQUESTS FOR DISASTER RELIEF DONATIONS OR LOANS.

9. OFFERS TO PURCHASE LOTTERY TICKETS, SWEEPSTAKES, OR DRAWINGS FOR VEHICLES.

10. CLAIMS OF WINNING A LOTTERY BUT REQUIRES UP-FRONT FEES TO BE PAID BEFORE COLLECTING ANY WINNINGS.

11. COMMUNICATION FROM SOMEONE OFFERING TO TEACH YOU HOW TO TRADE CRYPTOCURRENCY.

IF YOU BELIEVE THAT YOU ARE A VICTIM OF FRAUDULENT CONDUCT, STOP AND CALL YOUR LOCAL LAW ENFORCEMENT AGENCY AND THE CRYPTOCURRENCY KIOSK OPERATOR."

"WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS MAY NOT BE RECOVERABLE. TRANSACTIONS IN CRYPTOCURRENCY ARE IRREVERSIBLE. PEOPLE MAY USE CRYPTOCURRENCY TRANSACTIONS TO STEAL YOUR MONEY BY IMPERSONATING THE GOVERNMENT, ORGANIZATIONS, OR PEOPLE YOU KNOW. IMPERSONATORS MAY THREATEN JAIL TIME, CLAIM YOUR IDENTITY HAS BEEN STOLEN,



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141 ALLEGE THAT YOUR COMPUTER HAS BEEN HACKED, OR USE A NUMBER OF
142 OTHER SCAMS. DO NOT DISCLOSE YOUR PRIVATE KEY THAT IS
143 ASSOCIATED WITH YOUR VIRTUAL WALLET TO A THIRD PARTY. IF YOU
144 BELIEVE THAT YOU ARE BEING SCAMMED, STOP AND CALL YOUR LOCAL
145 LAW ENFORCEMENT AGENCY AND THE CRYPTOCURRENCY KIOSK OPERATOR."

146 b. The kiosk shall display the disclosures in a
147 conspicuous font and a color that contrasts with the
148 background of the kiosk screen.

149 c. Each disclosure shall appear separately on the
150 kiosk, and both disclosures must be accepted by the consumer
151 before the transaction may be executed.

152 (d) At the completion of each transaction, the operator
153 shall provide the consumer who made the transaction a physical
154 or digital receipt that contains all of the following
155 information:

156 (1) The operator's name and contact information,
157 including a telephone number to answer questions and register
158 complaints.

159 (2) The type, value, date, and precise time of a
160 transaction, and each applicable receiving cryptocurrency
161 address in its entirety. If a digital receipt is selected, the
162 operator shall provide the entire transaction hash in addition
163 to the aforementioned items.

164 (3) The name and contact information of the sender.

165 (4) The name and contact information of the designated
166 recipient if known.

167 (5) Fees charged by the operator.

168 (6) The exchange rate of the applicable cryptocurrency



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to the United States dollar.

(7) A statement of the operator's refund policy.

(8) A statement of the refund policy required by this section.

(9) Any additional information required by rule or order of the commission under this chapter.

(e) If a consumer opts for a digital receipt pursuant to subsection (c), the operator shall provide the receipt to the email address provided by the consumer and to the commission.

(f)(1) A cryptocurrency kiosk operator shall use blockchain analytics and tracing software to prevent any transaction that involves a cryptocurrency address identified as being associated or affiliated with fraud or other criminal activity. If a consumer attempts to transact with a virtual wallet that is detected to be associated or affiliated with fraud or other criminal activity, the kiosk shall not execute the transaction.

(2) An operator shall not accept transactions of more than one thousand United States dollars (\$1,000) in cash, or the equivalent amount of foreign currency, or cryptocurrency in one calendar day, or ten thousand United States dollars (\$10,000) in cash, the equivalent amount of foreign currency, or cryptocurrency in a calendar month, from the same consumer, regardless of whether the consumer uses one or multiple kiosks in the state. An operator shall use an identification verification process to verify the identity of every consumer for each transaction in order to comply with this subsection.



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(g) All operators conducting business in the state shall provide live, United States-based, toll-free consumer service at all times. Operators shall prominently display the consumer service phone number on the cryptocurrency kiosk or on the kiosk screen during the transaction. The operator shall report all calls regarding fraud from consumers in Alabama to the commission within two business days of the call.

(h) (1) Operators shall provide a United States phone number and email address to serve as a dedicated communication line between the operator and relevant government agencies. This dedicated line shall be frequently monitored and used to facilitate law enforcement and regulatory agency communications with the operator.

(2) At the request of a law enforcement or regulatory agency, an operator shall provide the requesting agency with data from the operator's blockchain analytics and tracing software or any other information regarding that data.

(i) (1) If a consumer has been fraudulently induced to engage in a cryptocurrency kiosk transaction, the operator shall issue a full refund for the fraudulently induced transaction, including all fees and other charges incurred through the transaction, if the consumer does all of the following:

a. Contacts the operator not more than 60 calendar days after the cryptocurrency kiosk transaction.

b. Contacts a law enforcement agency, including the commission, not more than 60 calendar days after the transaction.



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c. Provides the operator with a report from the law enforcement agency documenting a determination that the consumer was fraudulently induced to engage in a cryptocurrency kiosk transaction.

(2) A consumer who has been determined to be a victim of fraud is eligible to receive a refund regardless of whether an operator provided the disclosures prescribed in subsection (b) and the receipt required in subsection (c).

(3) An operator shall notify the commission of all refund requests made within 72 hours of the request. The operator shall provide to the commission the name and contact information of the consumer who made the request, as well as the information on the receipt if the receipt was printed.

(j) An operator shall not share a kiosk with any financial institution and shall not use any signage that makes the cryptocurrency kiosk appear to be affiliated with or represented by any financial institution.

(k) An operator shall comply with all federal reporting requirements under the Bank Secrecy Act of 1970, Pub. L. No. 91-508, the USA PATRIOT Act, Pub. L. No. 107-56, and any other reporting requirement imposed from the Financial Crimes Enforcement Network or the Office of Foreign Assets Control.

(l) An operator shall not permit the buying, selling, or sending of privacy coins from cryptocurrency kiosks or online platforms in any capacity.

(m) The transaction limits and protections provided for in this act shall apply to all products or services offered by an operator through a cryptocurrency kiosk. Operators shall



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253 not use any alternative method including, but not limited to,
254 online portals, affiliated kiosks, or over-the-counter
255 transactions, to evade or exceed the limits provided for in
256 this section.

257 (n)(1) The commission, pursuant to Section 8-7A-19, may
258 assess a civil penalty against a person that violates this
259 section or a rule adopted or an order issued under this
260 section.

261 (2) Any proceeding under this section pursued by the
262 commission shall not preempt any criminal action or civil
263 liability which may arise under any other state law.

264 Section 2. This act shall become effective on October
265 1, 2026.