

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 449	House Committee:	PASSED 4/2/25 (18-1)
Committee:	Commerce	House Floor:	
Floor Manager:	Rep. Shannon Lundgren	Senate Floor:	PASSED 3/26/25 (45-2)
Date:	May 12, 2025	Governor:	
Staff:	Natalie Ginty (5-2063)		

Digital Financial Kiosks

- This bill provides regulations to digital financial asset transaction kiosks (bitcoin ATMs) with daily transaction limits, maximum operator charges, required disclosures, detailed receipts, refund requirements, attorney general enforcement and fraud policy requirements.
- In February, Attorney General Bird announced consumer fraud lawsuits against Iowa's two largest cryptocurrency ATM operators (Bitcoin Depot and CoinFlip).
<https://www.iowaattorneygeneral.gov/newsroom/attorney-general-bird-sues-crypto-atm-companies-for-costing-iowans-more-than-20-million>
 - The AG began an investigation in October 2023 that found that hundreds of Iowans sent more than \$20 million through these two companies in less than 3 years. The majority of scam victims were over the age of 60. Bitcoin Depot takes a 23% cut of the money Iowans send through the machines and CoinFlip claims 21%.

Section by Section Analysis

Section 1 (Iowa Code 533C.1004) – New Section

Defines “charges”, “consumer”, “digital financial asset”, “digital financial asset transaction kiosk”, “existing consumer”, “licensed digital financial asset exchange”, “new consumer”, “operator”, and “transaction hash”.

Digital financial asset transaction kiosk means “an electronic terminal acting as a mechanical agent of an operator to enable the operator to facilitate the exchange of a digital financial asset for money, bank credit, or other digital financial asset, including but not limited to any of the following:

- By connecting directly to a separate licensed digital financial asset exchange that performs the digital financial asset transaction
- By drawing upon a digital financial asset in the possession of the operator

This bill prohibits an operator from accepting or dispensing more than \$1,000 per day from a consumer. Also prohibits new consumers from putting up or receiving more than \$10,000.

Prohibits an operator from charging the consumer more than \$5 or 15% of the publicly quoted market price of the digital financial asset at the time the consumer initiates the transaction (whichever is greater).

The operator must provide the following in a written disclosure to consumers:

- The dollar amount involved in the transaction

- Any charges collected by the operator
- If an operator fails to provide a process to reverse or refund a transaction, a warning that all transactions are final.
- WARNING: CONSUMER FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER WHO IS INITIATING A DISHONEST SCHEME. CRIMINAL ACTIVITY MAY APPEAR IN MANY FORMS, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:
 - Claims of a frozen bank account or credit card
 - Claims of fraudulent financial transactions
 - Claims of identity theft or job offers in exchange for payment
 - Requests for payment to government agencies or companies
 - Requests for disaster relief donations or loans
 - Offers to purchase tickets for lotteries, sweepstakes, or drawings for vehicles
 - Prompts to click on desktop pop-ups, such as virus warnings or communication from alleged familiar merchants
 - Communication to your bank or law enforcement officer
- IF YOU BELIEVE YOU ARE BEING SCAMMED, CALL YOUR LOCAL LAW ENFORCEMENT. WARNING: TRANSACTIONS CONDUCTED ON THIS DIGITAL FINANCIAL ASSET TRANSACTION KIOSK ARE IRREVERSIBLE. PROTECT YOURSELF FROM FRAUD. NEVER SEND MONEY TO SOMONE YOU DO NOT KNOW.

Operators must provide a receipt to consumers. The receipt must include:

- Name of the consumer
- Date and time of the transaction and each applicable virtual currency address
- Operators legal name and contact number, that is available between 8am and 10pm Monday-Friday
- Dollar amount and exchange rate
- All charges collected
- State laws to report fraud
- Refund policy

Requires the banking division to have the street address of all kiosks in the state to be made public on a website. Operators must provide any updates to the list within 30 days.

Operators must issue refunds to consumers if requested within 30 calendar days (new consumers) or when fraud occurs.

Provides the Attorney General with the authority to bring civil action against operators based on compliance with this bill and civil penalty up to \$10,000 for each violation.

Requires operators to have a written antifraud policy and a compliance officer.

Section 2 – Immediate Effective Date

Section 3 – Applicability

Applies to operators beginning July 1, 2025.