



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

P.O. BOX 41200 • Olympia, Washington 98504-1200
Telephone (360) 902-8703 • TDD (360) 664-8126 • FAX (360) 596-3868 • <http://www.dfi.wa.gov/cs>

UNIFORM MONEY SERVICES ACT

Policy Statement, UMSA-24-PS01

DATE: January 10, 2024
TO: Persons Operating Virtual Currency Kiosks in Washington State
FROM: Ali Higgs, Acting Director, Division of Consumer Services
RE: Disclosure Requirements for Virtual Currency Kiosks

Purpose

This policy statement further clarifies the Department of Financial Institutions' existing requirement for persons operating virtual currency kiosks to provide disclosures alerting Washington consumers of the potential for fraudulent transactions or scams.

This policy statement does not amend the Uniform Money Services Act, chapter 19.230 RCW, or chapter 208-690 WAC. This policy statement is subject to change or withdrawal.

The Department's Policy

In Washington State, any person operating a virtual currency automated teller machine, kiosk or similar offering (collectively referred to as "virtual currency kiosk"), is required to obtain a license pursuant to the Uniform Money Services Act. Each virtual currency kiosk location that a licensee or its authorized delegate operates must be reported to the Department.¹

Virtual currency kiosks appear to be increasingly used to perpetuate fraudulent or illicit activity.² To better protect Washington consumers, the Department of Financial Institutions sets forth this policy statement to clarify that in order to comply with RCW 19.230.370 and WAC 208-690-205, any person or licensee operating a virtual currency kiosk must clearly and conspicuously display a notice to caution consumers about fraudulent transactions.

¹ RCW 19.230.150(2).

² U.S. Government Accountability Office, Virtual Currencies: Additional Information Could Improve Federal Agency Efforts to Counter Human and Drug Trafficking (reissued Feb. 7, 2022), <https://www.gao.gov/products/gao-22-105462>; Federal Bureau of Investigation, Cryptocurrency Investment Schemes (Oct. 3, 2022), I-100322-PSA, <https://www.ic3.gov/Media/Y2022/PSA221003>; Chainalysis, Crypto Scam Revenue Dropped 46% in 2022, While Blockchain Analysis Finds Links Between What Appear to be Distinct Scams (Feb. 16, 2023), <https://www.chainalysis.com/blog/2022-crypto-scam-revenue/> ("In 2022, crypto ATMs were used to send at least \$35.3 million to scammers, which represents more than half of all funds sent to illicit addresses using ATMs").

Prior to a consumer transaction, licensees are required to disclose that fraudulent transactions may result in the loss of a consumer's money with no recourse.³ This disclosure is required to be made separately from any other information provided by the licensee and must be made in a clear and conspicuous manner.⁴ A clear and conspicuous disclosure is readily noticeable and reasonably understandable by consumers. Virtual currency kiosk operators must ensure that the disclosure is difficult to miss and is noticeable by consumers.

The disclosure must:

1. State that fraudulent transactions may result in the loss of the consumer's money or virtual currency with no recourse;⁵
2. Be clear and conspicuous;⁶
3. Be a separate notice provided to consumers; and
4. Be clearly visible to consumers before they transact with the virtual currency kiosk.

Virtual currency kiosk operators may wish to consider including a statement that the transfer of virtual currency or digital units is not reversible on the disclosure.⁷

Compliance Date

Virtual currency kiosk operators must comply with this policy statement by May 1, 2024.

Model Disclosure

The Department of Financial Institutions provides the below Model Disclosure. Virtual currency kiosk operators may create their own disclosure that complies with the Uniform Money Services Act.

<p style="text-align: center;">SCAM ALERT</p> <p>Losses due to fraudulent or accidental transactions may NOT be recoverable, and transactions in virtual currency are NOT reversible.</p> <p>If anyone insists you pay in virtual currency, STOP and report the incident to local law enforcement.</p>

//

Prepared by: Jeanju Choi, Chief of Regulatory Affairs, Division of Consumer Services
jeanju.choi@dfi.wa.gov

³ RCW 19.230.370; WAC 208-690-205.

⁴ *Id.*

⁵ WAC 208-690-205(2).

⁶ RCW 19.230.370(4).

⁷ WAC 208-690-205(3)(c), and (e).