Local NPR for the Cape, Coast, & Islands

The Outer Cape now has two cryptocurrency ATMs—one at Cumberland Farms in Eastham, and another at Stop & Shop in Provincetown.

According to Jack Styler of the Provincetown Independent, crypto ATMs are often used by fraudsters to scam people out of their money.

CAI's Gilda Geist spoke to Jack recently to learn more about how these machines work and how people can keep themselves safe from crypto scams.

Gilda Geist What is cryptocurrency?

Jack Styler Cryptocurrencies are digital tokens, and every cryptocurrency purchase is recorded on an open-source public ledger called the blockchain. And the market determines the worth of that coin. So when Bitcoin—which is the most well-known and now most valuable cryptocurrency—was first launched, it was not worth that much. But now it is worth over $80,000 [per coin]. It is a digital token that people can buy and convert into real money or use to purchase things online.

GG What are crypto ATMs used for?

JS Crypto ATMs are machines that work like ATMs for your bank. You can take cash and convert it into Bitcoin or other types of cryptocurrencies.

GG Where did these crypto ATMs on the Outer Cape come from and what risk do they pose to residents?

JS The first Bitcoin ATM was installed way back in 2013, but that was really when crypto was in its infancy. In recent years, these Bitcoin ATMs or cryptocurrency ATMs have proliferated across the country and across the state. I talked to multiple people with the Massachusetts AARP who told me that when they first started looking into this issue in 2023, there were about 300 crypto ATMs in Massachusetts, and now there are over 600, by their tally. And these cryptocurrency ATMs are machines that allow you to buy cryptocurrency at gas stations and convenience stores. However, law enforcement officers and advocates for buying safe cryptocurrency, like those at the AARP, have said that these cryptocurrency ATM do pose a risk for residents because they are often used in fraud. And they have become subject of litigation in recent months in a few different states. For example, in Washington, D.C., the attorney general, there is suing one Bitcoin ATM called Athena. And in that lawsuit, he alleges that 93 percent of deposits to Athena Bitcoin ATMs were from deposits made by people who were being scammed. The AARP has told me they think that instead of having people buy gift cards or go for other traditional scams, these

Bitcoin ATMs have become a new tool for scammers to try to get people to insert their money, convert it to cryptocurrencies and then transfer it to them. And once those transfers happen, it becomes very, very difficult for law enforcement to be able to recover those funds. The president of the Massachusetts AARP told me that it's not uncommon for people to lose $10,000 or $20,000 in those machines.

GG How can people keep themselves safe from crypto scams?

JS Well, I think that is the question. The Massachusetts State Legislature right now does have a bill—it has not been passed yet and is currently in committee—that would consider putting a daily cap on the amount that people can deposit into cryptocurrency ATMs. But advocates like those at the AARP and law enforcement officials told me that they want to spread the word that people should heed all warnings about potential fraud. These ATMs do have pop-up screens that warn people trying to make deposits that they should be very wary of fraudsters, and that you should not buy Bitcoin for IRS payments. Or, if someone says you've been hacked, it may be that you are being led on by fraudsters. So there are some mechanisms in place for people to be warned about the fact that these could be potential tools for scammers. But generally speaking, because these ATMs charge between 13 to 18 percent to buy crypto, according to the president of the Massachusetts AARP, these probably aren't your best bet if you are interested in buying crypto—you'd probably use an online cryptocurrency exchange. So many people say that really, it's best to steer clear of these machines.

Read Jack's full story in the Provincetown Independent.