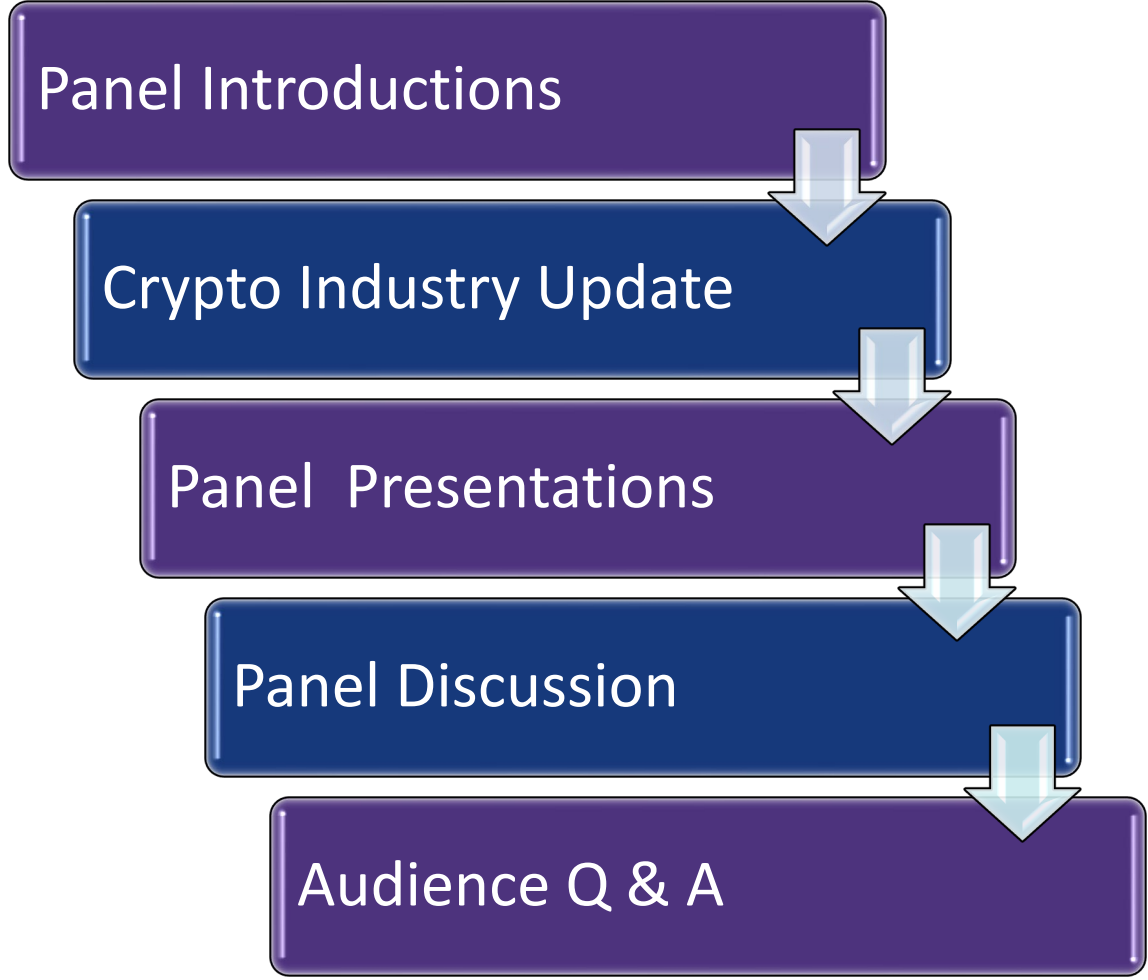




# Workshop 3: Cryptocurrency Deployment: What you *Really* Need to Know

Jorge Fernandez  
Chief Development Officer









To provide information about the business opportunities that exist in Bitcoin ATM Deployments.



Discuss the different aspects of the business.

- Business Model
- Challenges
- Regulatory Considerations



Answer your questions.

# Why are we Here?



# PANELISTS



Deb Miller, Esq- Corporate Counsel, Cash2Bitcoin

Bill Knoll – Head of Product – Bitcoin Depot

Wes Dunn - EVP of Sales and Marketing, Genmega

Joe Ciccolo - Founder & President, BitAML

Jorge Fernandez- Chief Development Officer – Bitcoinatm.com  
(Genesis Coin/Bitstop/GoldATM)



# State of the Industry - Crypto

Updates since ATMIA - 2023



## Not so good news.....

- SBF went to jail
- Binance paid +\$4B in fines
- SEC and Coinbase battle it out in court
- 3 of top 10 BTM deployers were absorbed
- Increased regulatory oversight



## However,.....

- First successful IPO in the BTM deployment industry (Bitcoin Depot)
- SEC approval of ETFs
- Regulation weeds out bad actors
- Industry proves resilient and profitable, even thru “crypto winter”
- Merger of two top SW platforms in the industry (Bitstop + Genesis Coin= Bitcoinatm.com)
- Bitcoin Halving

# Bitcoin Halving- What is it?

- **Bitcoin mining/business model:** If a miner is able to successfully add a block to the blockchain, they will receive 6.25 bitcoins as a reward.
- **Definition and Frequency:** Bitcoin halving is an event that occurs approximately every four years, where the reward for mining new Bitcoin blocks is halved, reducing the rate at which new bitcoins are created. The reward per block will decrease from **6.25 to 3.125 BTC**.
- **Impact on Bitcoin Supply:** This process is a key feature of Bitcoin's economic model, designed to create scarcity by capping the total number of bitcoins at 21 million, and slowing down the rate of issuance over time.
- **Effects on Bitcoin Ecosystem:** Halvings are significant for miners, as they impact profitability, and often lead to increased market attention and potential price volatility in the Bitcoin market.
- **Long-Term Significance:** Each halving event reinforces the deflationary nature of Bitcoin, potentially influencing its long-term value and perception as a digital store of wealth and investment.





# State of the Industry

## Interesting Facts....



- There are approximately 26,000 cryptocurrencies in total.
- The total market value is approximately US\$1.7T.
- **Bitcoin has the highest current market capitalization at over \$850B**, 3x its closest rival, Ethereum.
- **Approximately 17% of the U.S. population owns cryptocurrencies.\***
- As a continent, **Asia** has 4x more cryptocurrency users than any other continent.
- There are more than 420 million cryptocurrency users worldwide—4.2% of the population\*\*.
- The acceptance of cryptocurrencies has experienced an annual growth of 16.8% (2013-2023)
- +25,000 businesses currently accept some form of crypto as payment.
- Crypto currencies are legal in most of the world;
  - All of the Americas
  - Most of Europe
  - Most of Asia
- **US Government owns over \$5B in BTC**

\* Business wire magazine ([www.businesswire.com](http://www.businesswire.com))

\*\* [technopedia.com](http://technopedia.com)



## OVER 420+ MILLION CRYPTO OWNERS WORLDWIDE



Worldwide Acceptance of Crypto.....

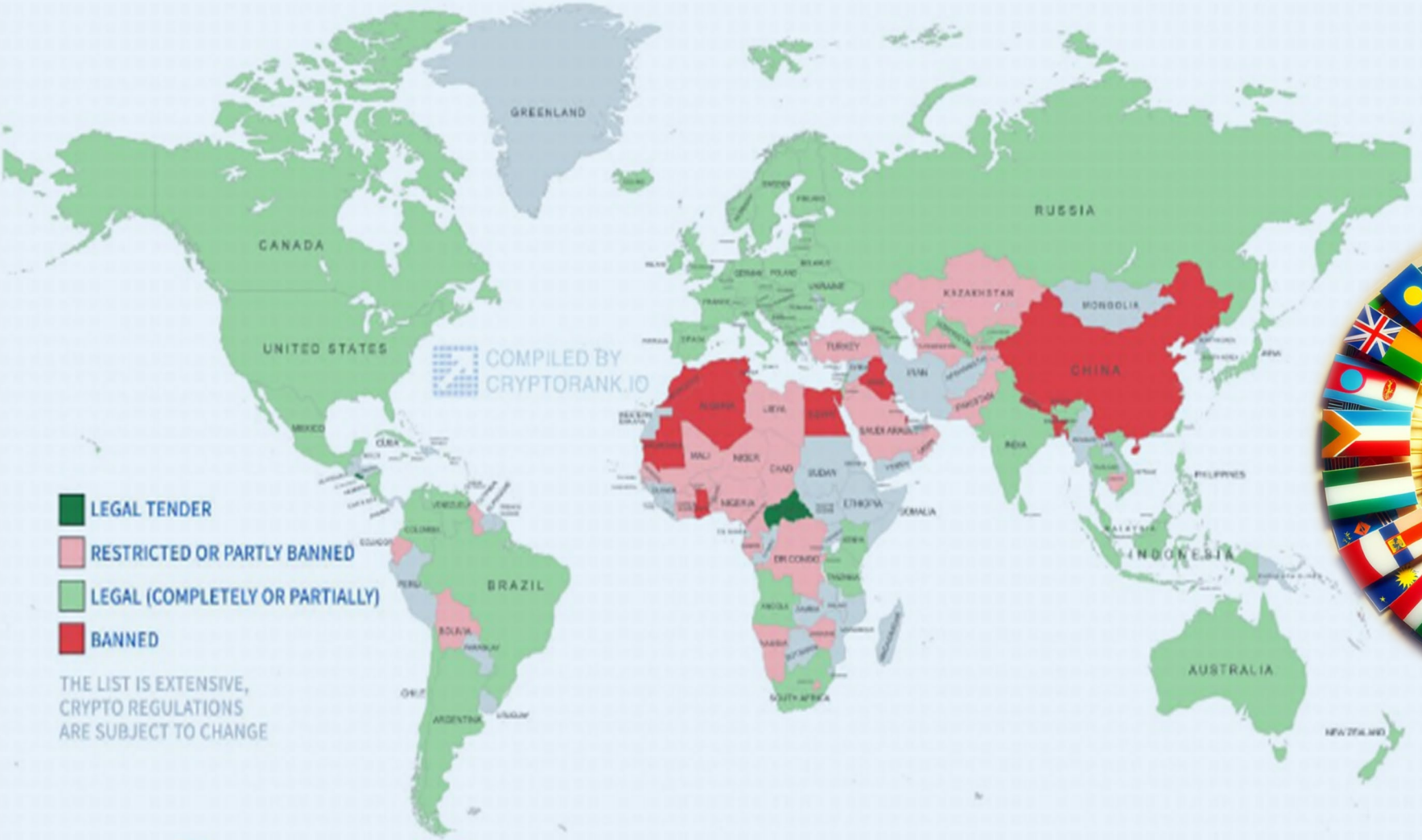


# Status of the Industry

\* EU adopts Markets in Crypto Assets (MiCAR) Regulations in May 2023. Providing pan-European crypto-assets issuers and crypto-asset service providers under regulatory framework.

\* BTC is illegal in China but OK in Taiwan

WORLD MAP OF CRYPTO ADOPTION



Crypto currencies are legal in most of the world



# Bitcoin Update.....

- A maximum of 21M BTCs can ever be mined.....



- It is estimated that the last Bitcoin will be mined in 2040.....



# Status of the Industry

## Who uses Crypto Currencies?

- 63% are male.
- 72% are 18-34 years old (Gen Z/Millennials).
- 15% earn more than \$100k annually.
- 17% earn less than \$25k annually.
- Unbanked and underbanked consumers represent the fastest growing segment of the market.
- **16% of the global remittance market is already using cryptocurrencies for money transfers \***

### Data source:

\* US Treasury Department

\*\* Genesis Coin/Bitstop platform- 10K BTMs in over 11 countries

# Status of Regulation in the US:

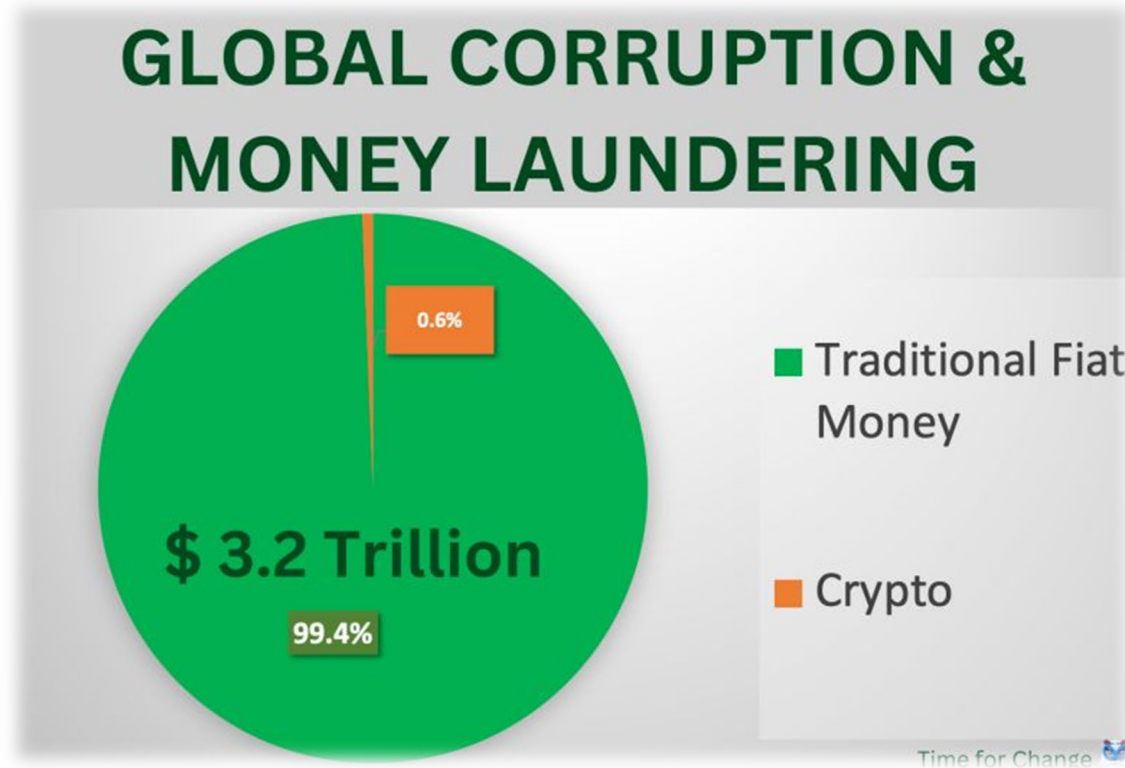
- Summarized as: **Evolving--Fast!**
- Industry is Regulated at the Federal and State level:
  - ✓ **Federal:** BTM Deployers need to register with FinCEN
    - Subject to AML and KYC rules
  - ✓ Subject to individual **State regulations** which may require additional MTL licenses
  - ✓ Some states are draconian, i.e., NY, CT, CA. Other states are more lenient: FL, TX, GA, NJ, etc.
  - ✓ Licenses are expensive to acquire and maintain- Having a good CCO is key.
- State regulators have been very busy:
  - ✓ Many new state regulations were introduced in 2023
  - ✓ Anticipating many new/additional regulations in 2024
- Regulations on Crypto Industry are more complex than in the traditional ATM business.





# Myth vs Reality:

## *BTC as a Money Laundering Tool*



- Certain politicians incorrectly state that Bitcoin is primarily used for illicit activities.
- In truth, traditional fiat currency accounts for the majority of global corruption & money laundering crimes.
- Estimated Annual Corruption & Money Laundering Costs to society:
  - US\$3.2T
    - ✓ 99.4% using traditional fiat currency
    - ✓ 0.6% using BTC
- Data Sources:
  - WEF
  - UN-Office of Drug and Crime-Money Laundering Report

# BTM Deployments Update.....

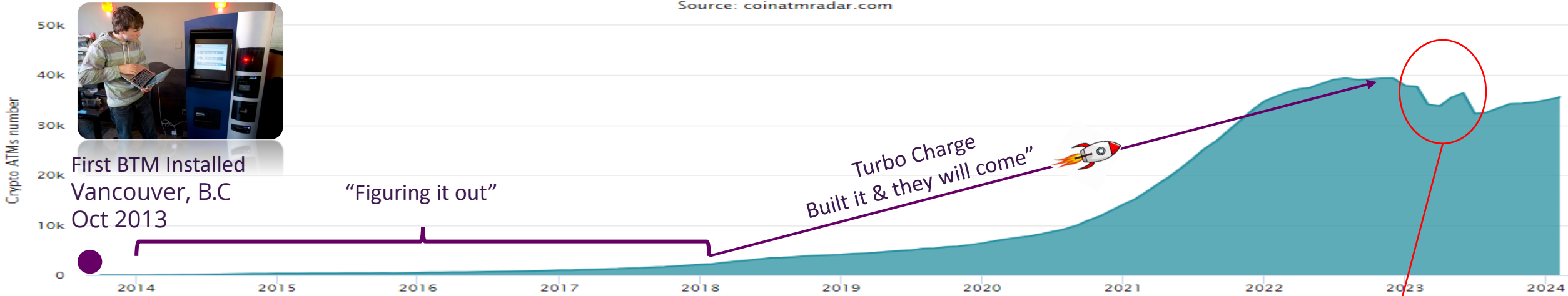




# Growth of Bitcoin ATM Deployments: It's a young *Really* industry

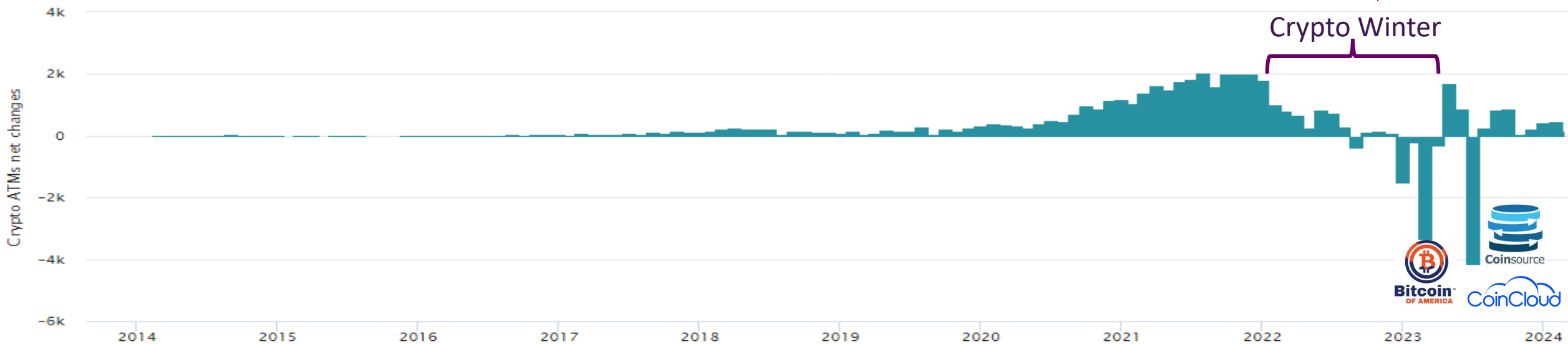
### Crypto ATM Installations Growth

Source: coinatmradar.com

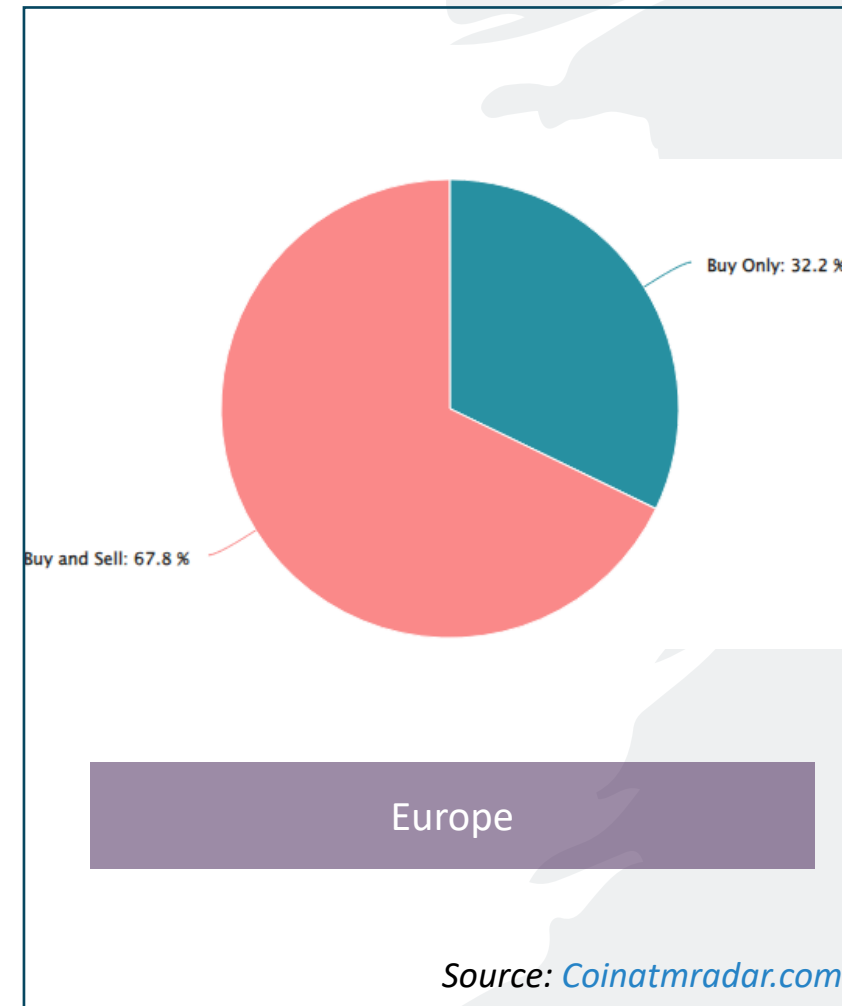
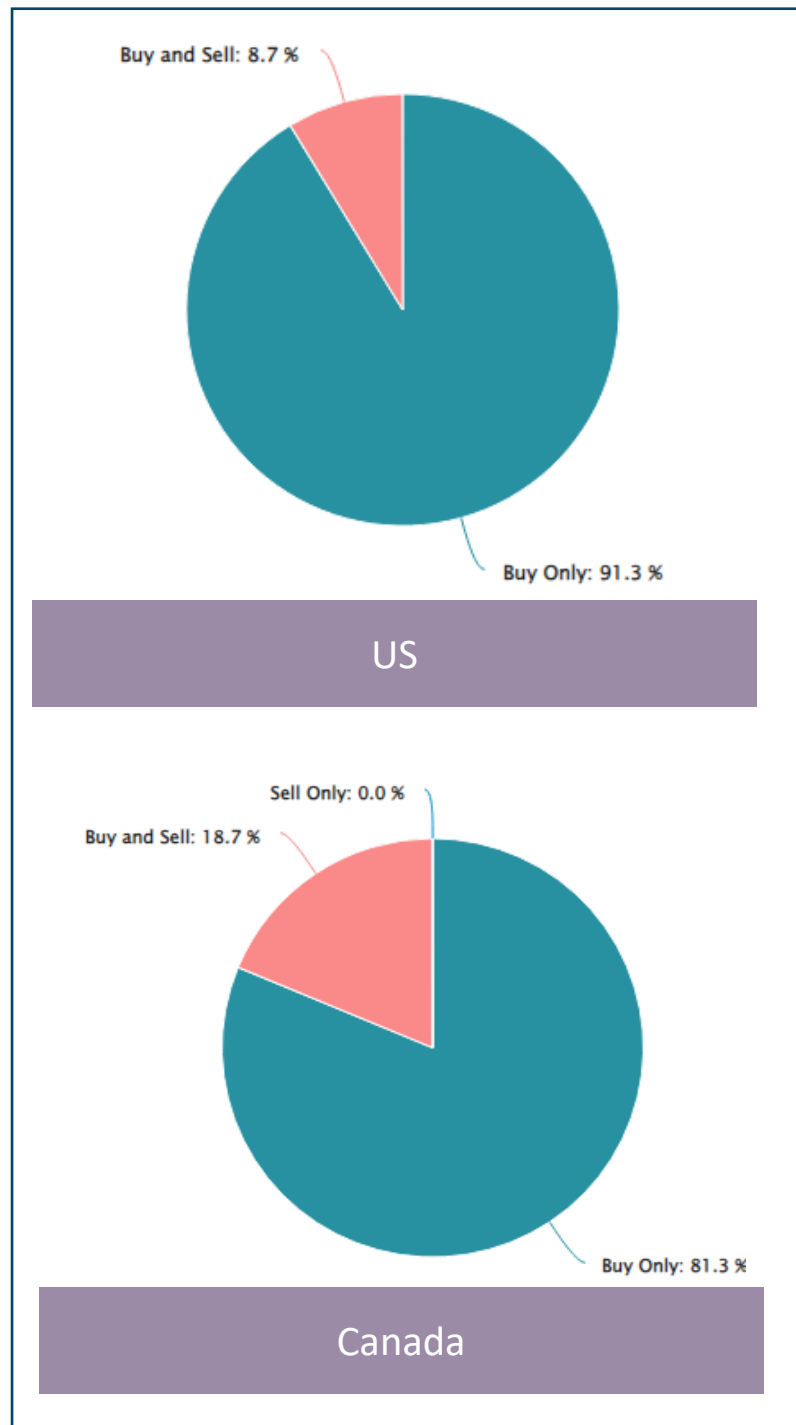
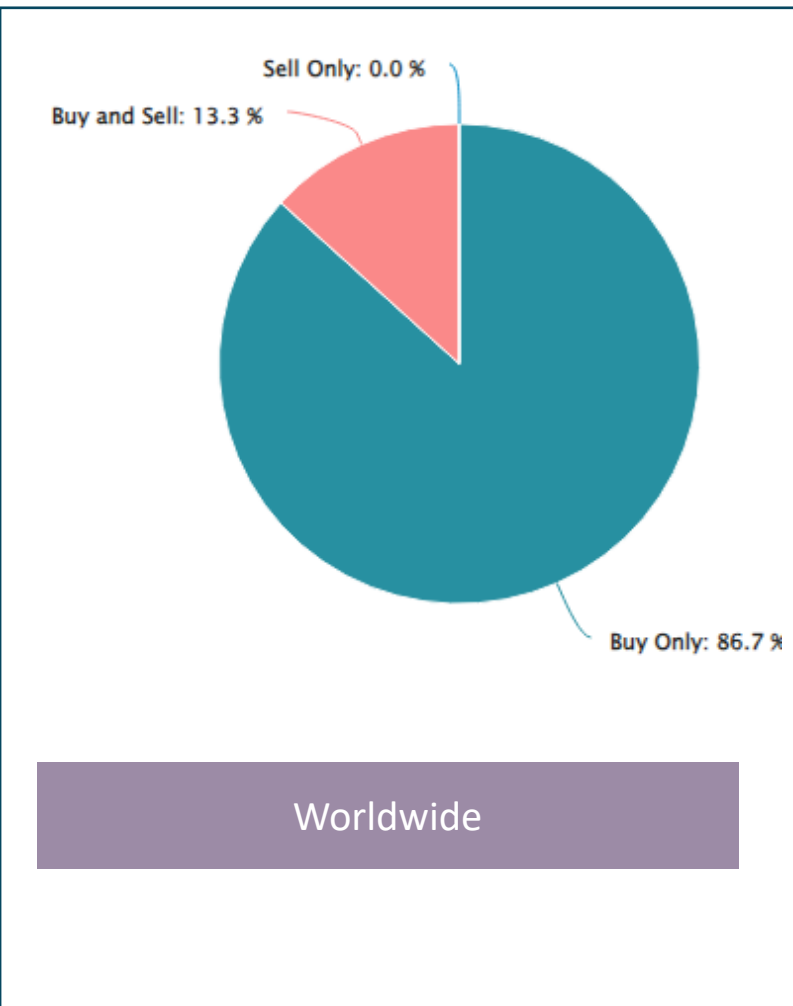


### Crypto ATMs Number Net Changes

Source: coinatmradar.com



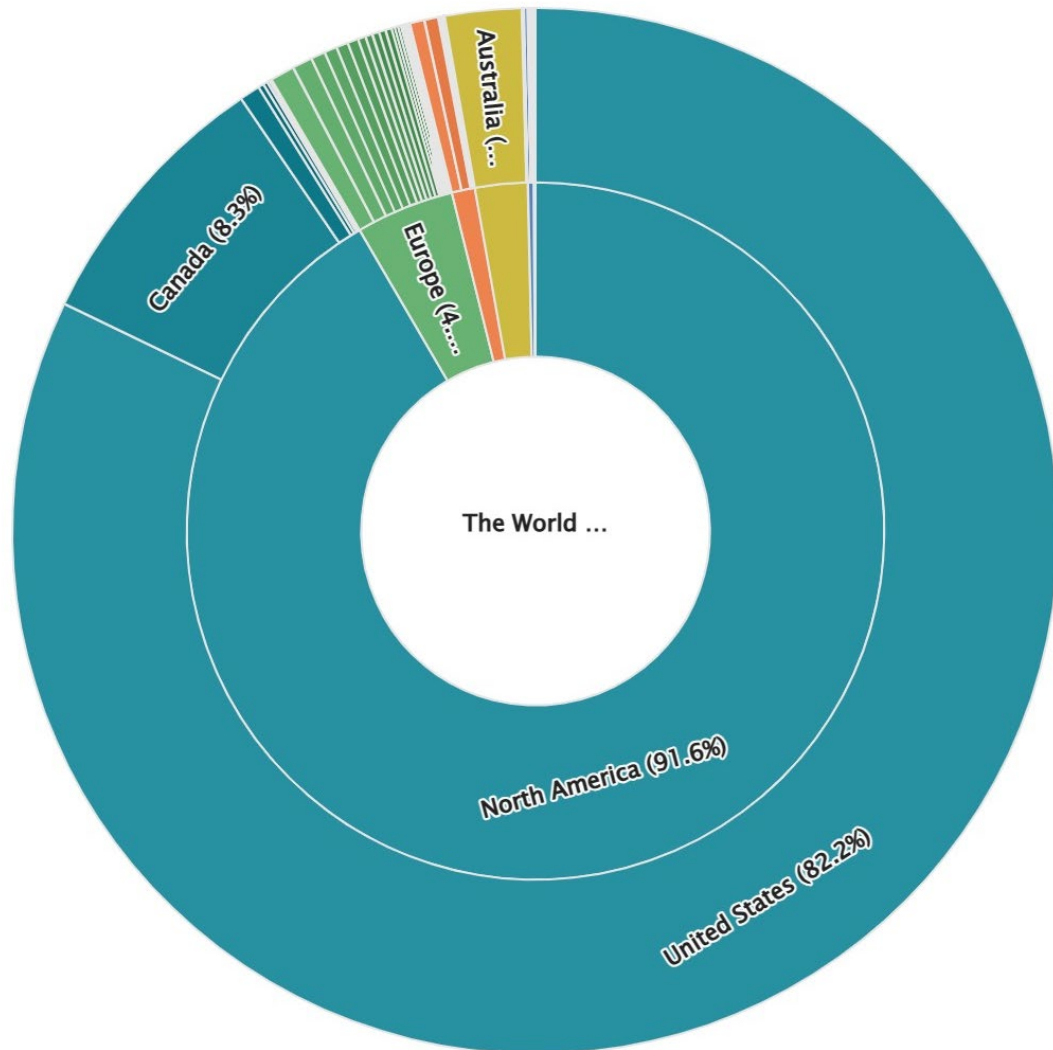
# Crypto ATM: Functionality





# The World of Crypto-ATMs

Source: coinatmradar.com



- Total worldwide base: 35,668
- North America: 32,731 (91.8%)
- US: 29,526 (82.8%)
- Canada: 2,900 (8%)
- Europe: 1,500 (4.6%)
- Australia: 854 (2.4%)

## Bitcoin ATMs throughout the Americas....



- Most of deployments are in North America:
  - US: 29,526
  - Canada: 2,900
  - Mexico: 63
- Central America:
  - El Salvador: 230 (Chivo Network)
- All others: <20 per country



# Industry Participants

## Key functions

- Drive ATMs
- Crypto inventory mgmt.
- Business reporting
- Compliance reporting
- Customer DB
- Terminal monitoring
- I/F liquidity providers



SW Platform

## Leading Platforms



## 33<sup>rd</sup> Party Liquidity Provider



## Key functions

- Install/operate ATMs
- Merchant relationship
- Manage operations
- Obtain MTL
- Compliance

## Operators



## HW Manufacturers



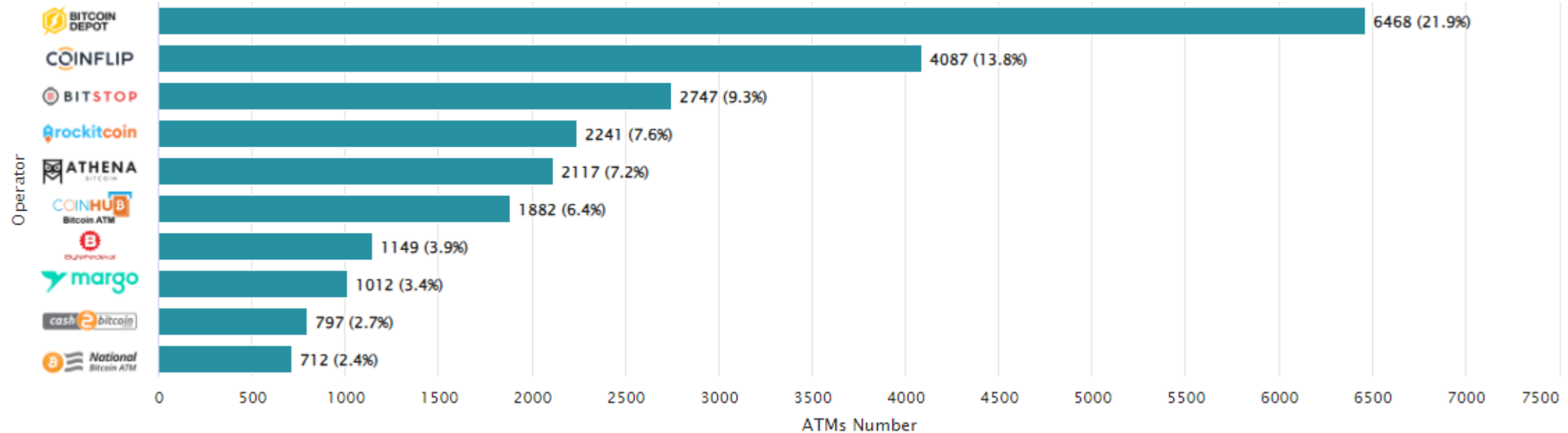
# Largest Deployers: US

- Top 10 operators run 23,212 crypto ATMs (79%). There are 201 other operators, who run 6,304 Crypto ATMs (21%)



### Top Crypto ATM Operators (United States)

Source: coinatmradar.com





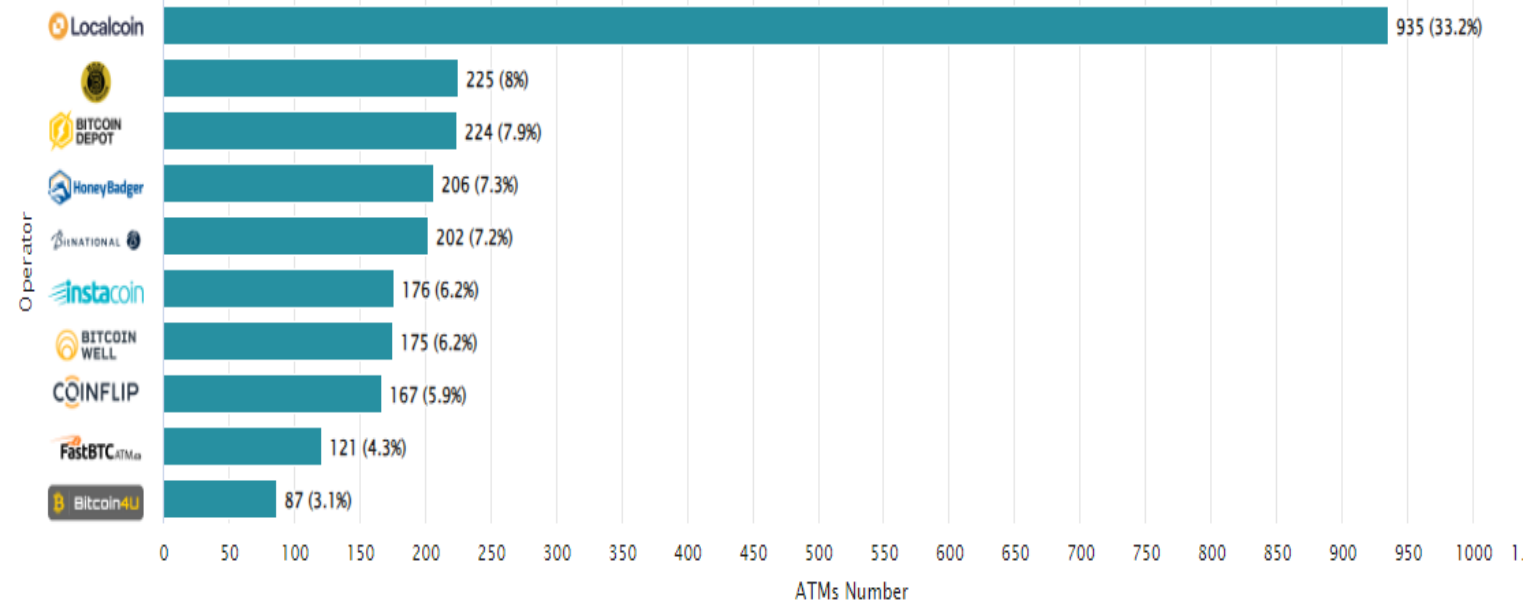
## Largest Deployers: Canada

- Top 10 operators run 2,518 crypto ATMs (89.3%). There are 40 other operators, who run 301 Crypto ATMs (10.7%)



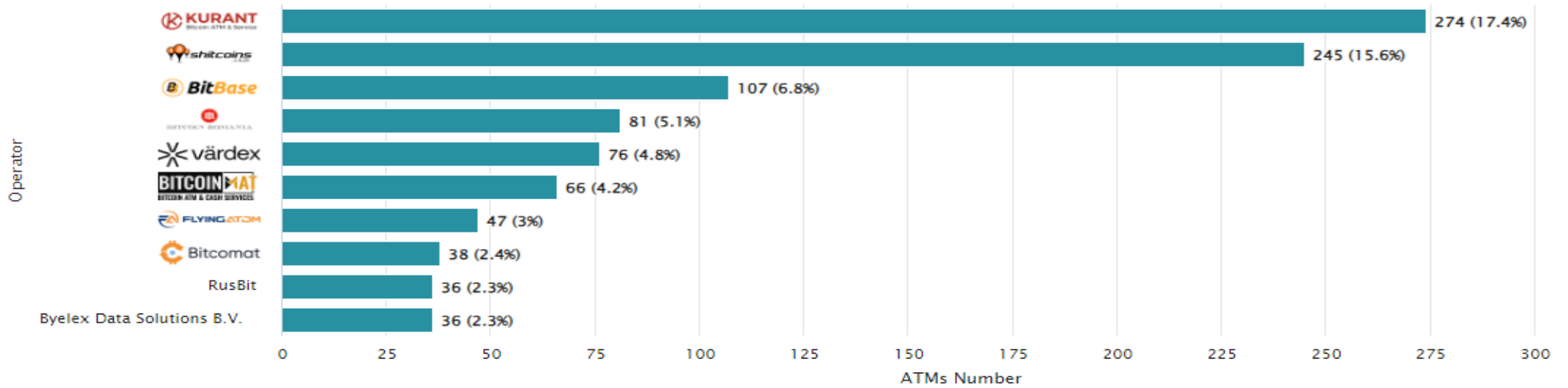
Top Crypto ATM Operators (Canada)

Source: coinatmradar.com



## Top Crypto ATM Operators (Europe)

Source: coinatmradar.com



- Top 10 Operators run 64% of terminals
- 122 additional operators run 36%





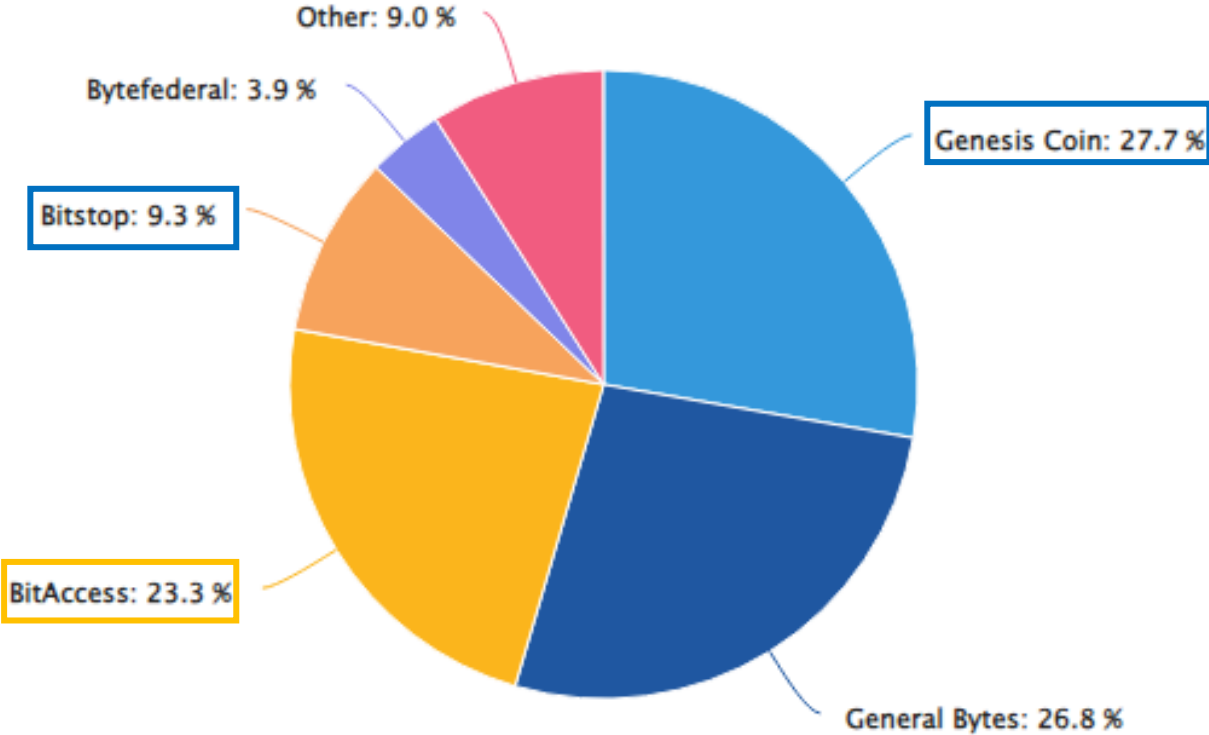
# Leading SW Platforms

- Bitstop + Genesis Coin = Bitcoinatm.com
- BitAccess = Bitcoin Depot
- GB = CoinFlip + CoinHub



## Crypto ATM Share by Manufacturer (United States)

Source: coinatmradar.com



# ATM Hardware Manufacturers

- **Genmega** is the largest independent manufacturer of ATM hardware- Used by 8 of the top 10 deployers in the US and Canada.



- **General Bytes** manufactures its own proprietary hardware which can only be used in their platform. CoinFlip is the primary deployer in the US.



- **Kiosk Information Systems**- Independent manufacturer of kiosk products for a variety of industries. Primarily used by Bitstop in the early days.





# BTM Deployments

*Alternatives & Business Model*





# ATM Deployment Types:

## *Typical deployment models*

### SW INTEGRATION TO EXISTING CASH ATMS

- Uses app within an existing ATM
- Customers buy BTC using a debit card
- **Pros:**
  - ✓ No additional capital expenditures needed for HW
  - ✓ Saves retailers floor space
  - ✓ Reduced operating expenses
  - ✓ Reduced fees to customers
- **Cons:**
  - ✓ Customer experience friction
    - Small screen, not touch-base
    - Requires customer to pre-register
  - ✓ Tx amounts limited to customer's account balance and approved daily limits from FI
  - ✓ On Avg, lower transaction amounts
  - ✓ Lower volumes per ATM
  - ✓ Lower fees = lower revenues
  - ✓ Single point of failure for ATM/BTM



### STANDALONE HW

- Uses dedicated ATMs to sell cryptos
- Customers buy BTC using cash
- **Pros:**
  - ✓ Dedicated ATM with large, user-friendly screens
  - ✓ Intuitive UI
  - ✓ Higher transaction volumes/avg tx amount
  - ✓ Higher commission
  - ✓ Higher revenues
  - ✓ Not dependent on other HW/SW Service Provider
- **Cons:**
  - ✓ Higher capital investments
  - ✓ Higher operating costs
  - ✓ Requires addt'l retail floor space





## Business Model

- Very similar to traditional off-premise ATM deployment model







# Market Entry Opportunities

- **Go at it alone:** Be prepared for the learning curve and necessary investments.
- **Partner with an existing deployer:** Limits exposure while you learn the business.
- **Partner with an organization** that can provide certain services on an outsourcing basis while you get established.
- **Acquisition:** There are several smaller deployers looking for capital/investment and others contemplating exiting the industry.

*Opportunities still exist for efficient operators.*



# Industry Resources

- [Coinatmradar.com](https://coinatmradar.com)
- [Atmia.com](https://atmia.com)
- [ATMmarketplace.com](https://atmmarketplace.com)
- [Coinatmmmap.com](https://coinatmmmap.com)





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# So, You Know the ATM business and now thinking about getting into BTMs

Compare and Contrast of the  
Retail ATM vs. BTM Industry

Presented By: Bill Knoll





**Bill Knoll**  
Head of Product

In Bill's recent career, he served on the executive committee of two companies that have gone public, the first being Cardtronics via an Initial Public Offering (IPO), and the second being Bitcoin Depot, which went public via a Special Purpose Acquisition Company (SPAC). Cardtronics was the world's largest ATM owner/operator while Bitcoin Depot is the world's largest Bitcoin ATM deployer. At Cardtronics, Bill served as President of the Allpoint Network, the country's largest surcharge free ATM network. He also ran Cardtronics' Financial Institution business, selling ATM Branding and Managed Services to banks and credit unions. Bill also served as the EVP of their retail business, managing Cardtronics ATM portfolios with independent merchants up to the nation's largest retailers such as CVS, Walgreens, Target, and Costco. Currently, Bill is Head of Product at Bitcoin Depot, which includes the Product, Engineering, Marketing and Customer Support functions. Bill's journey in the payments field started over 30 years ago when he managed the ATM, debit card, online banking, bill payment and funds transfers services for USAA.





# Let's Start with the Similarities

- ✓ **COMMUNICATIONS:**  
Providers and equipment  
Data plan requirements are different
- ✓ Hardware and Deployment
- ✓ **MAINTENANCE:**  
Break fix is break fix  
Cash Dispensers **vs.** Cash Acceptors
- ✓ Retail relationships

# Major Differences in the BTM world

## The Big Difference? Bitcoin!

Operators need to acquire and inventory **Bitcoin** for fulfillment of sales to customers.



Exchanges and OTC  
providers for liquidity



Blockchain & settlement -  
Batching and posting



Digital Wallets for holding Bitcoin  
inventory and disbursement of  
sales to customer wallets





# Compliance

## ATM SIDE



On the ATM side, banks will KYC the operator.

## BTM SIDE



Each customer and transaction are subjected to compliance review. High resource intensity



Various checks done at a txn level, monthly, annual or lifetime thresholds



KYC, Identity verification, Sanctions checks



Reporting and filing are endless - SARs, CTRs, etc. etc.



Consequences for not complying



# Regulatory



Money Services Business,  
Regulated by Fincen



State Licensing for Money  
Transmission



New laws



UNITED STATES DEPARTMENT OF THE TREASURY  
**FinCEN**  
FINANCIAL CRIMES ENFORCEMENT NETWORK





# Scams



## TYOLOGIES:

Utility, Government, Fake Sale,  
Romance, Store Employee,  
Hacked, Etc



Law Enforcement  
Involvement

**SCAM  
ALERT!**



# Subtle or Nuanced Differences

Banking, Cash Management and Armored





# Banking

## ATM SIDE



Many big banks want to provide vault cash



Vault cash providers want to do the cash reconciliation because it is their money.



Bank sponsorship required

## BTM SIDE



Zero large banks want to bank Bitcoin Operators and only a few small banks will do so



BTM operators all do their own reconciliation.



No Bank sponsorship required



# Cash Management

## ATM SIDE



Cash in the ATM usually belongs to a bank (or the merchant's in case of merchant-owned ATMs).



## BTM SIDE



For BTM operators, the cash in the BTM belongs to the BTM operator

- ✓ There is always a trade off between cost of armored to more frequently pick up or deliver cash vs interest rate or opportunity cost of leaving more cash in the machines.
- ✓ BTMs have the added issue of needing the cash in the machines to support their cash flow and run their business





# Armored

## ATM SIDE



Armored is loading a large amount of cash into their trucks, loading ATMs, and bringing a smaller residual back to the vault.



ATM volumes are relatively stable and predictable



## BTM SIDE



Armored is primarily picking up cash



Transaction volumes and cash-in volumes are highly irregular

### Setting and optimizing frequencies is challenging

- ✓ Zero Cash pickups
- ✓ On Demand pickups
- ✓ Highly complex mathematical algorithms that help predict frequencies and streamline costs

# Hardware and Processing

## ATM SIDE



ATM world has high interoperability between terminal driving/txn processing switches and hardware



Low-end options exist for ATMs.

## BTM SIDE



BTM world has very little interoperability between kiosk hardware and bitcoin terminal driving / transaction order processing platforms



Very few-low end options exist on the BTM side





# Revenue Model

Customer pays the fees (Usually)

## ATM SIDE

- ✓ Surcharge levied on each cash withdrawal - \$3 - \$4 is the market rate
- ✓ Surcharge-free txns growing in volume and importance. Financial Institution pays the fees.



## BTM SIDE



Mix of Surcharge and a mark up on the underlying price of Bitcoin.



A \$1,000 Bitcoin purchase can yield ~ \$150 - \$250 to the operator.





**THANK YOU**

**Bill Knoll**  
Head of Product



# ATMIA Conference 2024

## Cryptocurrency Deployment: What You Need to Know

Regulatory, Legislative, and Public Policy Update

Joe Ciccolo, CAMS  
Founder & President, BitAML



# Agenda

Regulatory Requirements: Overview

Federal Regulation

State Money Transmitter Licensing

Case Studies: California, Connecticut

Future Legislation, Public Policy

Future Regulatory Landscape

# Regulatory Requirements

## **Financial Crimes Enforcement Network (FinCEN)**

- Registration: e-BSA, RMSB online declaratory filing
- Secure portal connecting the kiosk operator with FinCEN

## **State Money Transmitter License (MTL)**

- Permission-based
- Patchwork quilt of licensing – requirements, applicability vary by state

## **Anti-Money Laundering (AML) Compliance Program**

- Written policies and procedures designed to detect/deter money laundering
- Required from Day 1 of operations



# Federal Regulation

## Regulatory Oversight

- Title 31 examinations – rotational, random(ish)
- FinCEN deputizes IRS to conduct examinations
  - Remote information, data sharing
  - Onsite interviews, possible demo
- Relatively protracted examination timeline – slow and steady
- Exams are ‘tough, but fair’

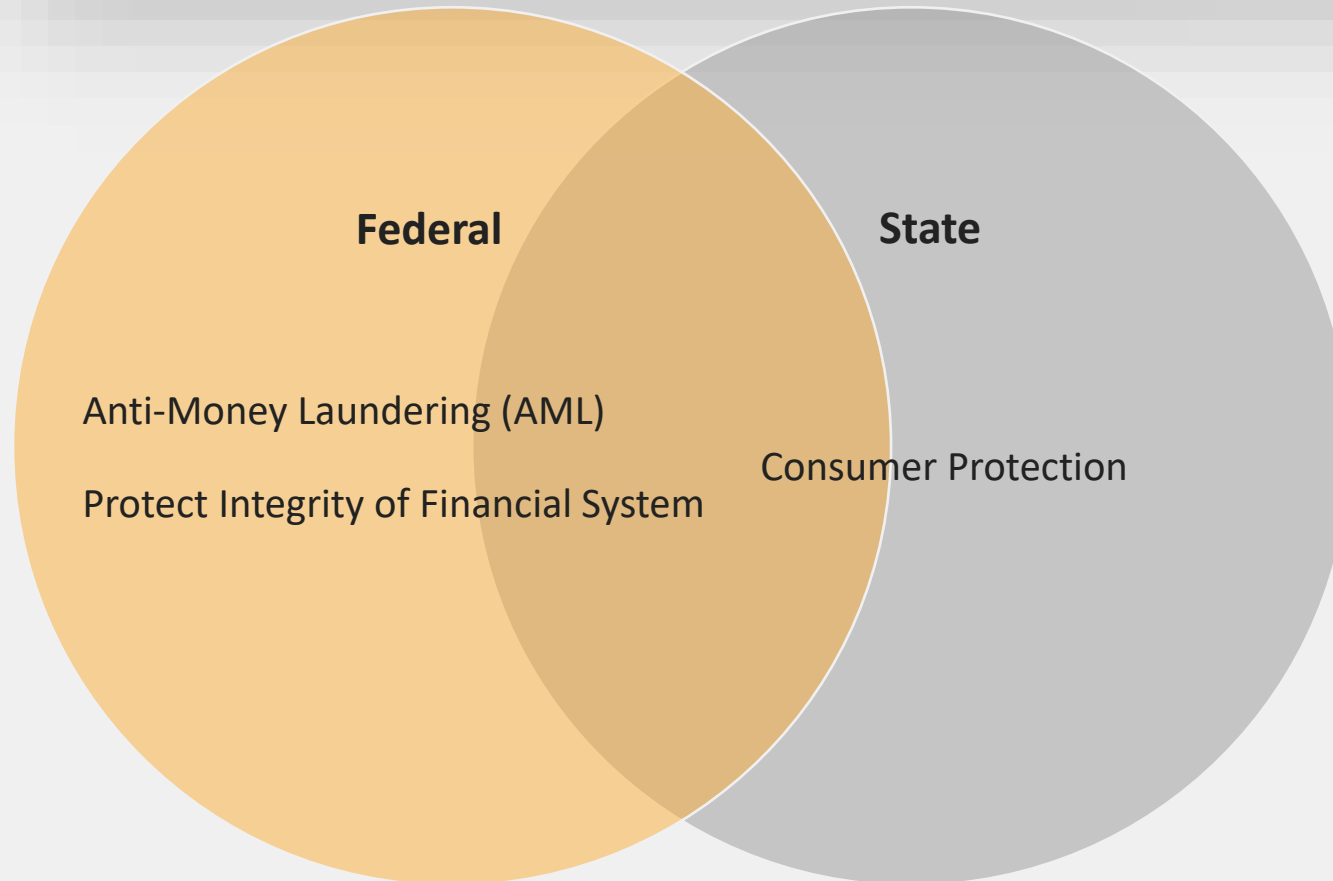
## Regulatory Expectations

- “Five Pillars” of an effective BSA/AML Program
- Recordkeeping, reporting (e.g., CTR, SAR)



# Federal vs. State Regulatory Mandate

Comparing, contrasting state and federal regulatory approaches...



# State Money Transmitter Licensing

State-level money transmitter licensing of crypto...

## NO LICENSING

No state money transmitter license required for virtually any business model or fact pattern.

## PARTIAL LICENSING

Some business models and fact patterns exempt. Generally, non-custodial or direct wallet-to-wallet.

## FULL LICENSING

State money transmitter license required for virtually any business model or fact pattern.



# State Money Transmitter Licensing

- Permission-based (unlike FinCEN)
- Establish direct communication with state regulatory agency
- Request a determination
- Be prepared to share...
  - Executive summary
  - Fact pattern
  - Flow of funds diagram
- Determination or so-called “no action” letter
  - Fewer states issuing letters addressed directly to the requester
- Periodically contact regulators, if relying on a determination letter



# Case Study: California Legislation

- Assembly Bill 39 (AB39) and Senate Bill (SB401), collectively Digital Financial Assets Law (DFAL)
  - Signed into law by Governor Newsom in October 2023
  - AB39 – licensing regime for crypto exchangers (effective July 2025)
  - SB401 – crypto ATM-specific regulations (effective January 2024, January 2025, July 2025)
- Department of Financial Protection and Innovation (DFPI) – listening to public comment, open
- So-called “clean-up bill” for AB39 filed in 2024 legislative session
- SB401
  - Consumer disclosures: transaction irreversibility, fiat and crypto denominations
  - 15% transaction fee cap; \$1,000 per person, per day transaction limit.
  - Disclosure of kiosk locations to the DFPI
  - Detailed receipt, including the licensed crypto exchange used for spread calculations.



# Case Study: Connecticut Legislation

- House Bill 6752 (HB6752)
  - Signed into law by Governor Lamont in June 2023
  - Effective October 1, 2023
- Consumer warnings: wording, 24 pt sans-serif font
- Regulators empowered to set transaction fee cap
- \$2,500 per person, per day transaction limit
- Detailed receipt, “right” to a receipt
- Refund policy:
  - (1) first transaction with customer; and
  - (2) wallet or exchange outside the U.S.





# Future Legislation, Public Policy

## Aggressive, Adversarial Legislators

- Limited, if any, crypto education
- Applying traditional banking concepts to crypto (e.g., transaction hold, reverse)
- Weaponization of consumer protection; selective outrage
- Limited opposition to aggressive legislation outside of industry

## 2024 and Beyond

- Prescriptive transaction limits, fee caps, consumer “rights”
- Legislation mandating the “what” and “how” of state regulators
- Continued separation of crypto kiosk operators from exchanges, other services
- Roadmap created by California and Connecticut...more states to follow

# Future Regulatory Landscape

## Legislation

- Washington D.C. is eye candy; meaningful legislation passing at the state-level
- 2023 was the year of crypto legislation (e.g., California AB39, SB401)
- 2024 likely the year of more technical crypto legislation, including crypto ATMs
  - Focus: transaction limits, fee caps, disclosures, refunds, holding funds

## Regulation (Federal and State)

- Federal: FinCEN – steady course; CFPB – “hidden” fees
- State: raising expectations beyond legislative mandates
- State: potential points of emphasis – fees, disclosures, scam detection, consumer complaint remediation, cybersecurity, surety bond coverage





Thank you.

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🐦 [@bitaml](https://twitter.com/bitaml)

🌐 [www.bitaml.com](http://www.bitaml.com)





# ATMIA Conference 2024

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Legal Aspect of Deployment

Deb Miller, Esq.

Corporate Counsel, Cash2bitcoin



# Agenda



Licensing



Federal and State  
Regulations



Yearly Individual  
State Outreach



Compliance



Law Enforcement  
and Subpoena  
Requests

# Licensing

- What is involved?
  - Is a license required?
  - NMLS or directly with state
  - Requirements
  - Bonds
  - Secretary of State
  - Tax Authorities
  - Registered Agents
  - Annual Reports
  - Up-to-date kiosk location list





## Federal & State Regulations



- Federal
  - Title 31 Examination
  - Record keeping, reporting
- State
  - Licensing
  - Examinations
  - Record keeping, reporting



# Yearly Individual State Outreach

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- Outreach
  - Who?
  - What?
  - When?
  - Why?
- Responses



# Compliance

What goes into it?

- Policies
- Procedures
- Research
- Questions
- Updates





# Law Enforcement Request & Subpoenas



- 
- Must be on official letterhead
  - Timely responses



# Locations and Merchants



AGREEMENTS



QUESTIONS



ISSUES



KIOSK MAINTENANCE



ADDING/REMOVING  
KIOSKS



What keeps  
me up at  
night?





**Thank you.**



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[@cash2bitcoin](https://twitter.com/cash2bitcoin)



[www.cash2bitcoin.com](http://www.cash2bitcoin.com)

# *Cryptocurrency Deployment: What you Need to Know*



*Genmega, Inc.  
Wes Dunn  
EVP of Sales and Marketing*

# Who is Genmega?

- ✓ ATM Manufacturer
- ✓ Kiosk Manufacturer
- ✓ BTM Manufacturer Since 2012



**GENMEGA**



# Market History in BTMs

- ✓ Started in 2012
- ✓ Watched the Industry Grow
- ✓ Watched the Industry Pause
- ✓ But.....



# *Why I see HOPE*

- ✓ Sales Are Picking Up
- ✓ Price Is Picking Up
- ✓ The HALVING is Coming



# Why Did Some Sink and Some Swim?

- ✓ **Compliance**
- ✓ **Market Myopia**
- ✓ **Slow and Steady is Winning the Race**





# ***Want to Get In?***

- ✓ **Compliance Compliance Compliance**
- ✓ **Banking Relationship**
- ✓ **Don't Get Ahead of Your Skis**



*Questions?*

