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March 27, 2025

TO: The Honorable C.T. Wilson, Chair
Economic Matters Committee

FROM: Steven M. Sakamoto-Wengel
Executive Counsel to the Attorney General

RE: Senate Bill 305 – Financial Institutions and Activities – Virtual Currency
Kiosks – Registration and Regulation– SUPPORT

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 305, sponsored by Chair Beidle and Senator Hettleman, which would help to address scams involving Virtual Currency (a/k/a Cryptocurrency) Kiosks by, among other things, requiring registration of those kiosks with the Office of Financial Regulation (“OFR”).

Cryptocurrency kiosks (often referred to as crypto or bitcoin ATMs) are commonly found in places like grocery stores, gas stations, and convenience stores. These machines allow users to exchange cash for digital currency, but unlike traditional bank ATMs, they are not connected to regulated financial institutions, leaving them with far fewer fraud protections. This regulatory gap has made crypto kiosks a prime target for scammers. The scammers often pose as trusted entities (such as government officials or tech companies) to manipulate victims into depositing money into these kiosks, converting their cash into digital currency, and sending it to wallets controlled by the criminals. The Federal Trade Commission reports that in 2023, consumers lost more than \$110 million to scams involving virtual currency ATMs and people over 60 are three times more likely to be defrauded this way.

Several years ago, the Maryland General Assembly expanded its money transmission laws to include virtual currency. Generally speaking, if a transaction would constitute money transmission if conducted in U.S. dollars or some other government currency, it will also

constitute money transmission if conducted using virtual currencies. As a result, those engaging in certain virtual currency transactions in Maryland must have a money transmission license issued by OFR.

While money transmission in Maryland includes virtual currencies, not every transaction involving virtual currency constitutes money transmission. Senate Bill 305 closes this potential gap in the OFR's oversight of Cryptocurrency Kiosks by requiring the operators of such kiosks to register both themselves and their kiosks with the OFR.

Senate Bill 305 would also create consumer protections related to transactions conducted through a Cryptocurrency Kiosk. These consumer protections should help reduce the ability of these kiosks to be used to scam Maryland residents. Accordingly, the Consumer Protection Division requests that the Economic Matters Committee give SB 305 a favorable report.

cc: The Honorable Pamela Beidle
 The Honorable Shelly Hettleman