



One Park Place | Suite 475 | Annapolis, MD 21401-3475  
1-866-542-8163 | Fax: 410-837-0269  
aarp.org/md | md@aarp.org | twitter: @aarpm  
facebook.com/aarpm

**SB 305 Financial Institutions and Activities – Virtual Currency Kiosks – Registration and Regulation**  
**Senate Finance Committee**  
**FAVORABLE**  
**February 6, 2025**

Good Afternoon, Chair Beidle and Members of the Senate Finance Committee, My name is Tammy Bresnahan, and I serve as the Senior Director of Advocacy for AARP Maryland. On behalf of our 850,000 members across the state, we appreciate the leadership of Senators Beidle and Hettleman in introducing SB 305: Financial Institutions and Activities – Virtual Currency Kiosks – Registration and Regulation. This vital legislation addresses a growing problem: the misuse of cryptocurrency kiosks in fraudulent schemes targeting consumers.

While these kiosks serve legitimate purposes, they have become a popular tool for criminals who exploit their anonymity and lack of regulatory safeguards to steal money from unsuspecting victims. SB 305 represents a crucial step toward protecting Marylanders—especially older adults—from this rising threat.

**A National Effort to Address Fraudulent Crypto Activity**

In 2024, both Minnesota and Vermont enacted AARP-supported legislation to regulate cryptocurrency kiosks and protect consumers. We are also advocating for similar protections in Rhode Island and other states. AARP is encouraged by the consumer protections outlined in SB 305 and is committed to supporting its implementation here in Maryland.

**The Problem: Unregulated Crypto Kiosks and Fraud**

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. Fraudsters 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.



In 2023, over **5,500 complaints** involving cryptocurrency kiosks were reported to the FBI, with total losses exceeding **\$189 million**. Alarming, **more than 65% of these losses** were reported by adults aged sixty and older.

Here in Maryland, there are hundreds of cryptocurrency ATMs operated by companies like Coinme and Bitcoin Depot. Without proper oversight, consumers remain vulnerable to frauds and financial losses.

## How SB 305 Protects Consumers

SB 305 proposes a comprehensive regulatory framework to address the risks associated with cryptocurrency kiosks, including:

1. **Registration Requirements:** Kiosk operators must register with the state, ensuring oversight and accountability.
2. **Clarification of Money Transmitter Status:** While operators are not classified as money transmitters, they will still be subject to similar regulatory requirements under future guidelines.
3. **Location Reporting:** Operators must report the locations of all kiosks to the state.
4. **Fee Caps:** The bill sets limits on transaction fees to prevent consumer exploitation, though some operators may resist this provision.
5. **Know Your Customer (KYC) Requirements:** All transactions will require KYC checks starting at \$0 to improve fraud prevention.
6. **Fee Disclosures:** Operators must clearly disclose transaction fees to increase consumer transparency.
7. **Daily Transaction Limits:** Set limits of \$1,000 per day for users.

## AARP's Recommended Enhancements

To further strengthen SB 305, AARP suggests the following amendments:

1. **Exchange Rate Disclosure:** Require kiosks to display real-time exchange rates for full transparency.
2. **Fraud Refunds:** Require operators to refund transaction fees in cases of fraud and provide full refunds for victims scammed during their first transaction.
3. **Compliance Programs:** Ensure operators maintain compliance programs aligned with best practices and industry standards.
4. **Customer Support Hotline:** Require operators to offer dedicated customer service hotlines for users needing assistance.
5. **Law Enforcement Hotline:** Establish a dedicated hotline to support law enforcement investigations related to fraudulent activity.
6. **Receipts:** Require receipts for transaction including the type, value, date, and time of the transaction, along with the transaction hash that will help law enforcement conduct investigations into frauds

## A Real-Life Example: Crypto Scam in Maryland

To illustrate how these frauds work, consider the following case:

- A Maryland resident was contacted by a scammer posing as a Microsoft representative, claiming their bank account had been compromised.
- The scammer instructed the victim to withdraw \$4,500 in cash and deposit it into a local cryptocurrency kiosk.
- The cash was converted into digital currency and transferred to a wallet controlled by the scammer.
- Within hours, the funds had been laundered through multiple wallets and used for international payments, including transfers to a Russian-affiliated betting company and an offshore crypto exchange.

### **Key Consumer Protections Proposed by SB 305**

SB 305 with offered amendments takes several important steps to combat frauds like the one described above, including:

- **Mandatory Licensing:** Require all kiosk operators to be licensed in Maryland.
- **Daily Transaction Limits:** Set reasonable limits to deter large-scale fraud.
- **Fraud Warnings:** Post clear warnings about common frauds on all kiosks.
- **Fee and Exchange Rate Disclosures:** Display transaction fees and exchange rates before any transactions are completed.
- **Detailed Receipts:** Provide receipts with transaction details to help law enforcement track suspicious activities.
- **Fraud Refunds:** Require operators to refund transaction fees tied to fraudulent activity.

### **Protecting Older Marylanders and All Consumers**

AARP strongly believes that SB 305 will help safeguard consumers—especially older adults who are disproportionately targeted in these frauds. By enacting common-sense regulations and oversight, Maryland can reduce financial losses and provide peace of mind to residents using cryptocurrency kiosks.

We look forward to collaborating with Maryland lawmakers, regulators, and industry leaders to ensure these protections are put in place effectively.

We respectfully request a favorable report on SB 305. Thank you for the opportunity to testify today. If you have any questions, please feel free to contact me at [tbresnahan@aarp.org](mailto:tbresnahan@aarp.org) or 410-302-8451.