

Chair Pamela Beidle
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

February 6, 2025

Chair Beidle and Members of the Finance Committee, I am Chris Ryan, the Chief Legal Officer at Bitcoin Depot, the largest operator of cryptocurrency kiosks in the United States. Thank you for your time and affording me the opportunity to speak about our perspective on S 305.

Bitcoin Depot supports the vast majority of the provisions in S 305, such as requiring the following: (i) a comprehensive licensing framework, (ii) clear disclosures outlining the risks involved in purchasing Bitcoin, (iii) pre-transaction anti-fraud warnings, and (iv) building a mature compliance program, focused on know-your-consumer (“KYC”) capabilities, sanctions screening, transaction monitoring and blockchain monitoring. It is important to note that Bitcoin Depot currently implements all of the above in its business model.

Unfortunately, the effects of the other provisions in S 305 would mean that Bitcoin Depot (and other licensed operators with robust licensing and compliance programs) would be unable to operate in Maryland because of the daily transaction limits and the fee cap provision. In essence, S 305 in its current form presents itself as a ban on the Bitcoin ATM industry in Maryland.

Imposing transaction limits have unintended consequences including leading criminals to circumvent federal reporting requirements. Placing a transaction limit at an arbitrary level like \$1,000 will cause criminals to structure transactions to avoid further scrutiny of their identity and prevent operators and law enforcement from obtaining valuable information needed to combat illicit activity. Transaction limits encourage bad actors to spread transactions across multiple kiosk operators making it nearly impossible for operators and law enforcement to identify scammers and illicit activity.

Operating a cryptocurrency kiosk has unique costs, including purchasing, installing, and maintaining the kiosk equipment. There are also recurring costs, including rent to small businesses hosting a kiosk, cash management, armored vehicles, cybersecurity, fraud detection, and live customer support. States such as California, that have imposed low transaction limits and fee caps have seen an exodus or material reduction of kiosks from legitimate, duly licensed operators with strong compliance programs capable of combating illicit activity and identifying and preventing scams. The operators that remain are typically unlicensed and do not have

compliance programs capable of conducting KYC, sanctions screening, transaction monitoring and blockchain monitoring.

We respectfully request to partner with the committee to amend S 305 into legislation that not only fosters innovation, but also protects consumers and allows Bitcoin ATM businesses and the industry to thrive. Unfortunately, in its current form, we feel that S 305 falls short of that goal. In order to allow that conversation to continue, we would ask that the committee vote to not send it to the full chamber at this time.