



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

SB 741 Financial Institutions and Activities - Virtual Currency Kiosks - Alterations
Economic Matters Committee
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FAVORABLE

Good afternoon, Chair Valderrama, Vice Chair Charkoudian, and members of the Economic Matters Committee. Thank you for the opportunity to testify in support of Senate Bill 741, which strengthens Maryland’s oversight of virtual currency kiosks by updating who is regulated and clarifying what services such kiosks may and may not provide.

My name is Sara Westrick, Advocacy Director for AARP Maryland. AARP Maryland is one of the largest membership-based organizations in the state, with approximately 850,000 members. AARP is actively monitoring the use and misuse of cryptocurrency kiosks nationwide to protect consumers from deceptive practices and fraudulent schemes and advocating for stricter regulations and consumer protections. Notably, just this month, Indiana became the first state to ban virtual currency kiosks entirely (House Bill 1116).

The virtual currency kiosk industry has grown rapidly, but many operators continue to insist that existing consumer-protection laws “do not apply” to them. SB 741 directly responds to that evasion. By expanding the definition of a “virtual currency kiosk operator” to include not only the owner of the machine but also any person who installs or operates the software that enables virtual currency services, the bill closes a major loophole in current law.

The bill also clarifies the definition of “virtual currency services,” explicitly excluding the accepting or dispensing of cash associated with a credit, deposit, or convenience account. This will help ensure that these kiosks cannot function as unregulated ATMs.

These changes matter because across the country, state attorneys general have documented extraordinarily high fraud rates at cryptocurrency kiosks, rates that no responsible industry should accept and no regulator can ignore.

Documented Scam Rates

District of Columbia: In a September 8, 2025, lawsuit, the DC Attorney General reported that 93% of all deposits into Athena Bitcoin’s kiosks during its first five months of operations were the direct result of scams targeting vulnerable and elderly residents. The lawsuit also alleges that Athena profited from illegal, undisclosed fees while enforcing a strict no-refunds policy.

Iowa: Iowa’s Attorney General found similarly alarming numbers with 98.16% of money sent through Bitcoin Depot kiosks tied to scams and 94.92% of money sent through CoinFlip kiosks

tied to scams. These findings accompanied more than \$20 million in losses to Iowans in under three years, primarily affecting older adults.

These are not isolated incidents. They demonstrate a systemic pattern across operators who claim to simply provide “technology,” while profiting from transactions overwhelmingly driven by fraud.

Why SB 741 Is Necessary

SB 741 ensures that Maryland’s law keeps pace with today’s marketplace by requiring that virtual currency kiosks operate solely for virtual currency services and do not provide the same services as ATMs, which can be confusing and misleading.

By capturing both machine owners and software providers under the definition of “operator,” Maryland can prevent companies from evading responsibility by outsourcing functions or hiding behind technical distinctions.

Maryland’s older residents and other vulnerable consumers deserve strong, clear protections, and honest operators should welcome a level playing field.

Conclusion

Given the overwhelming evidence that crypto kiosks are currently used as high-risk conduits for fraud, SB 741 is an urgently needed modernization of Maryland’s regulatory framework. It closes loopholes exploited by operators and strengthens consumer protections.

For these reasons, AARP Maryland respectfully urges a favorable report on SB 741.

If you have any questions, please contact Sara Westrick at swestrick@aarpm.org or by calling 410-310-0374.