

March 31, 2025

Senator Bailey, Representative Mathieson, and honorable members of the Committee on Health Coverage, Insurance, and Financial Services:

My name is Sean Sullivan, and I live in South Portland. I am here today to speak in support of *LD1197: An Act to Update the Maine Money Transmission Modernization Act by Removing Provisions of Law Regarding Unhosted Wallets*.

I have been a crypto user since 2019 and am one of the organizers of the Maine Blockchain Meetup. I also co-founded a payments company which was acquired by a Maine bank. During this time, I've watched as both the State of Maine and the federal government have worked to adopt regulations that balance the need to protect consumers while also allowing the burgeoning digital assets industry to grow.

As the former Executive Director of the Maine Brewers' Guild, I understand the need to work closely with lawmakers to create regulatory clarity amidst industry growth. If done right, the positive economic impact can be substantial. Certainly, consumer safety must never be compromised.

When the legislature passed LD2112: An Act to Replace the Money Transmission Act, I was glad to see that Maine was ready to adopt a regulatory framework in line with national and global standards. However, as the Bureau of Consumer Credit Protection began the process of implementing this law, there was one major issue: the law required identical disclosures for both self-hosted and hosted wallets. While I believe strongly in anti-money laundering (AML) and know-your-customer (KYC) protections, the proposed law is analogous to a law which would require a Mainer to get personal information from every counterparty, every time they spend cash directly out of the wallet in their pocket (as opposed to using their debit card). Imagine asking a child selling lemonade for their social security number.

As the longtime user of a self-hosted wallet, this framework concerns me for two reasons:

- 1- These disclosures require the disclosure of information that is far above and beyond what is necessary to keep my assets safe and secure. Privacy and security are cornerstones of any financial tool – digital or otherwise. For this reason, I believe it's time to revisit these disclosure requirements and amend them to avoid unnecessary and burdensome reporting requirements for simple transactions.
- 2- These disclosures may discourage the use of self-hosted wallets, which will stifle the crypto industry in Maine altogether. In an economy where a greater proportion of business is going digital—if every digital wallet transaction were subject to onerous data collection, it could indeed impede the accessibility and usability of digital assets for Mainers, hurting our economy.

With a slight tweak to LD2112 from last session, we have the opportunity to be a national leader in the cryptocurrency industry by adopting forward thinking legislation that protects consumers while paving the way for future growth. This is good for consumers and for the Maine economy.

For these reasons, I hope you will vote *ought to pass* on this bill. Thank you for the opportunity to provide my perspective on this issue.

-Sean Sullivan