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DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
OFFICE OF SECURITIES

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In Opposition to LD 1286

**“Resolve, to Establish the Commission to Study Fostering a Positive Economic
Environment for Blockchain Technology and Cryptocurrency”
Before the Joint Standing Committee on Committee on Health Coverage,
Insurance and Financial Services
April 10, 2025, at 2:00 p.m.**

Senator Bailey, Representative Mathieson, distinguished members of the
Committee:

Good afternoon. I am Jesse Devine, the Administrator of the Office of Securities. I
am here to testify in opposition to LD 1286, both for myself and on behalf of Linda
Conti, the Superintendent of the Bureau of Consumer Credit Protection.

I want to begin by saying that I am grateful to Senator Bradstreet and the
cosponsors of this Resolve for their interest in the important subjects of blockchain
technology, cryptocurrency and other digital assets. These technologies create new
opportunities and new risks for the people of Maine, and it is appropriate for this
Committee to consider statutory and policy responses to these risks and

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opportunities. In doing so, however, the Committee should be careful not to set policy goals before all the facts have been gathered.

In my opinion, LD 1286 would create the wrong commission at the wrong time. First, the Resolve would create the wrong commission because it starts with a flawed premise – that what is good for blockchain and digital assets is necessarily good for Maine – and ignores the significant harms that these technologies can cause.

The structure and duties of the proposed committee prioritize the promotion of blockchain and cryptocurrencies over a balanced and objective evaluation of the public interest. Section 5 would direct the proposed commission to recommend legislation that “will help foster a positive economic environment for blockchain technology and cryptocurrency.” Section 2 would require that the commission include two experts on blockchain technology and a representative of a cryptocurrency company, but would not reserve positions for experts in fraud prevention, consumer protection, or elder abuse. As a financial regulator, I believe that our goal should be to create a positive and safe economic environment for the people of this State, not for particular technologies.

The Resolve’s focus on promoting cryptocurrency is worrisome because crypto-related fraud is a large and growing problem in Maine. An FBI report released last fall showed that in 2023 the FBI received more than 200 cryptocurrency fraud complaints from Mainers, with total reported losses of nearly \$6 million. The same report showed that crypto fraud had increased more than 50% between 2022 and 2023. All indications are that these trends are continuing. And because the majority of crypto fraud goes unreported, the actual losses are unknown, but far greater.



Second, the Resolve creates a commission at the wrong time because it imposes an unrealistic timeframe to study a number of complex topics at a time when the federal regulatory framework for digital assets is likely to shift in significant ways. The U.S. Congress is actively considering a number of crypto-related legislative proposals, many of which are still in draft and not publicly available. These bills could reshape the treatment of certain kinds of digital assets, such as stablecoins, or change which federal and state regulators have jurisdiction over crypto. It is likely that one or more of these bills will become law, but it is very difficult to predict exactly what they will do or the long-term impacts they will have.

Federal regulatory agencies are also re-evaluating crypto policy. In January, the SEC announced the formation of a Crypto Task Force to completely overhaul the SEC's regulatory approach to digital assets, noting that the project would require time and patience. As of last week, the Task Force had received thousands of pages of written comments, held individual meetings with more than 50 stakeholders, and planned a series of six public roundtables through June. There is no announced timetable for any formal SEC rulemaking, a process that can take months or years to complete.

In this context, the Resolve's requirement that the proposed commission report back to this Committee by December 3 is unrealistic. It would give the commission only a few months to review a wide range of challenging issues, many of which may shift during the commission's work.

I appreciate the opportunity to testify today and thank you for your time. I would be happy to answer any questions now or at the work session.

