



# BITCOIN DEPOT

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Committee on Health Coverage, Insurance and  
Financial Services  
Cross Building, Room 220

**BITCOIN DEPOT**  
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April 17, 2025

RE: Sp 494 and LD1205, An Act Relating to the Regulation of Virtual Currency Kiosks

Dear Committee Members:

My name is Ethan McClelland, Director of Government Affairs at Bitcoin Depot, the largest operator of cryptocurrency kiosks in North America. Bitcoin Depot was founded in 2016 by Brandon Mintz whose vision was to create an easier, more accessible way to purchase bitcoin with the goal of bringing crypto to the masses.

The Company's primary business model is to sell bitcoin at its nearly 8,500 locations, with approximately 72 in Maine. We operate company-owned bitcoin Automated Teller Machines (BTMs) kiosks throughout the United States, Canada and Australia. These BTMs are installed at various locations, such as convenience stores and gas stations. The Company's BTMs offer customers the option of exchanging fiat currency for bitcoin. The Company employs its own software platform called Bitaccess to determine the applicable exchange rate at the time of the transaction, and the Company charges a percentage markup plus a flat fee.

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### **Bitcoin Depot's Company History**

The Company was established in 2016 and has grown to be the largest cryptocurrency kiosk network in North America by investing in people, technology, and processes that support a culture of compliance. The Company became a public entity on June 30, 2023, and trades on the NASDAQ under the ticker symbol BTM. By virtue of being a public company, the Company is fully accountable to the Securities & Exchange Commission (SEC). Additionally, the Company is a registered Money Services Business ("MSB") with the Financial Crimes Enforcement Network (FinCEN) a bureau of the U.S. Department of the Treasury.



## **Bitcoin Depot's Mature Compliance Program**

The Company has an experienced Chief Compliance Officer who reports to the Chief Legal Officer with a dotted line to the Chief Executive Officer and the Board of Directors. The program is fully documented in policies and procedures and is reviewed annually by an independent third-party auditor.

- **Bank Secrecy Act (BSA) / Anti-Money Laundering (AML) / Office of Foreign Assets Control (OFAC) Compliance**
  - The Company's Chief Compliance Officer, Mark Smalley, has over 25 years of applicable legal and compliance experience.
  - Three dedicated AML teams focused on compliance - one focused on customer diligence, one focused on transaction monitoring and investigations, and one focused on law enforcement relations and education.
  - Dedicated analysts reviewing Know Your Customer (KYC), OFAC, sanctions, and Politically Exposed Person (PEP) alerts.
  - Full compliance with all applicable federal, state, and local laws, including suspicious activity reporting, currency transaction reporting, and funds travel rule compliance.
- **Privacy and Consumer Compliance**
  - Dedicated compliance professionals ensure adherence with all applicable consumer protection laws, including complaints, funds availability, abandoned property, and refunds.
  - Fully compliant with all applicable federal and state privacy laws, including contract provisions, data accessibility, and opt-in / opt-out provisions.
- **Licensing & Registration**
  - Registered with FinCEN as an MSB.
  - Registered with the Secretary of State in every state, the District of Columbia and Puerto Rico.
  - For state money transmitter licenses, the Company is either licensed in the state or periodically confirms with the state that its no-action position remains unchanged.
  - Currently, the company has approximately 19 state money transmitter or virtual currency licenses in AL, AK, AR, CT, DC, FL, GA, IA, IL, LA, NM, NC, NV, OH, OR, PR, RI, VT, and WA.
  - 19 MTL Applications in process, including the NY BitLicense Application.
  - 12 No Action letters received
- **Enterprise Risk Management**
  - Comprehensive Enterprise-wide risk assessments including AML / BSA / OFAC.
  - Fully operational self-testing program.
  - Enterprise-wide compliance training program including Anti-Money Laundering, OFAC and Sanctions, Know Your Customer and Enhanced Due Diligence, Consumer and Privacy, and Corporate Ethics and Conduct.
  - Business Resiliency and Third Party Risk Management.



- **Information and Data Security**
  - Policies for Bitcoin Depot are designed to comply with state licensing, General Data Protection Regulation (GDPR), California Consumer Privacy Act (CCPA), and Security Operations Center (SOC) compliance, and our desire is to be the most secure and trusted cryptocurrency operator in the industry.
  - Security - Protecting our environment and data is of the highest priority. Our network and endpoints are secured with an endpoint security agent (Antivirus, Malware and Data Loss Protection (DLP), and patch management), email security, intrusion detection and prevention, User access and roles, and centralized monitoring and alerts systems.
  - Data Protection - Protecting Personal Identifiable Information (PII) data is a requirement, and Bitcoin Depot has implemented steps to protect sensitive data in transit and at rest (stored in database).
  - Availability - Servicing our customers is also a high priority. Our backend process and architecture are designed to provide high availability and uptime and process our customer transactions in a timely and efficient manner.

## **Bitcoin Depot's Monitoring Process and Consumer Safeguarding**

The Company employs sophisticated transaction monitoring and case management software to detect and prevent financial crimes. Additionally, the Company utilizes third-party blockchain analytics services to identify high risk wallets. The Company has implemented numerous consumer safeguards, including the following:

- Consumer-facing safeguards to warn about scam-related activity in the form of hard copy warnings physically present on the kiosk as well as onscreen notices. Several of these notices require consumers to make affirmative attestations before moving past the screen. In addition, consumers receive SMS text messages advising them to be aware of potential scams. Copies of these warning messages are attached at the end of this letter.
- The Company does not host consumer wallets, nor does it assume custody of consumer funds.
- The Company only sells Bitcoin, which has been labeled a commodity by various regulatory agencies. The Company does not sell or provide services for any other cryptocurrency.
- Prior to completing a transaction, the consumer must consent to the Company's publicly available Terms & Conditions. Moreover, the Terms & Conditions state that the consumer is required to send the Bitcoin to a wallet that they own and control.
- The Company links consumer wallet addresses to individual accounts. Additionally, it requires an attestation of wallet ownership.

## **Key Legislative Considerations**

- **Daily Limits**
  - Placing an arbitrary deposit and withdrawal limit on a consumer may decrease consumer protection by reducing the ability to detect malicious actors. As consumers increase their purchases, cryptocurrency kiosk companies require additional forms of identification and authentication. Imposing arbitrary limits on a transaction amount undermines the additional authentication and verification steps and instead encourages bad actors to spread transactions across multiple companies in smaller amounts, potentially obscuring their activities.
  - Additionally, daily limits skirt federal reporting requirements - Currency Exchange Record (CER) at \$1,000, Monetary Instrument Log (MIL) at \$3,000, Funds Travel Rule (FTR) at \$3,000, and Currency Transaction Report (CTR) at \$10,000 - which translates routine reporting obligations into obfuscation.



- The proposed transaction limitation will encourage bad actors to coach potential victims into structuring transactions in a manner that evades federal reporting requirements. The Bank Secrecy Act ("BSA") requires MSBs to file a Suspicious Activity Report for any suspicious transaction over \$2,000. This allows FinCEN to compile and analyze data to interdict and prosecute fraudsters. For, example, Bitcoin Depot received a letter from FinCEN dated March 17, 2025 which stated, in pertinent part, the following:
  - Info we provided was **"critical to building an investigation that ultimately resulted in a successful prosecution."**
  - **"The investigations may not have been pursued w/out BSA reporting"**
  - **"The BSA reports that FIs like yours file play an important role in combatting financial crime and protecting the integrity of the US financial system."**
  - **"LE, national security agencies, financial regulators and other stake holders extensively use the financial intelligence that FIs report to FinCEN under the BSA."**
  - **"This information is critical to building investigations into diverse types of wrongdoing and national security threats. FinCEN and our partners use the information your financial institution and others provide to keep our country strong, our financial system secure and our families safe from harm."**
  - **"Your efforts make it much harder for criminals to benefit from illicit activity and to move or hide illicit proceeds utilizing the US financial system."**
  - **FinCEN uses its analytics program to "study trends & identify typologies associated with/new illicit finance schemes and develop and implement risk mitigation responses."**

Lower daily limits will likely lead to numerous transactions spread across multiple companies, preventing any single company from reporting essential information to law enforcement.

- **Fee Caps**

- 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 for hosting a kiosk;
  - insurance;
  - bank fees;
  - blockchain access fees;
  - cash management and armored pickup fees;
  - monitoring and surveillance;
  - Compliance costs (BSA / AML, OFAC), fraud detection;
  - Legal and licensing fees, including surety bonds;
  - Cybersecurity costs; and



- customer support.
  - Kiosk operators must maintain an inventory of cryptocurrency offerings that could fluctuate as much as 10-30% on any given day. While cryptocurrency exchanges may charge a lower fee, they do not offer customers the same convenience and ease of using a kiosk at their local convenience store to make a voluntary purchase of cryptocurrency with cash. In fact, exchanges do not offer customers who want to buy cryptocurrency with cash any option — which also means exchanges have lower operational costs and can charge lower fees than cryptocurrency kiosk companies. This is because exchanges do not have hardware, cash management fees, maintenance and repair costs, wireless internet, insurance on hardware, rental payments to stores, or other operational expenses.
  - Maine must balance its desire to have the most reputable BTM operators in the state with higher costs of compliance and consumer protection.
- **Unbanked / Underbanked Accessibility**
  - Individuals who have used the Company's services have self-designated that the primary purpose for purchasing cryptocurrency has been for (i) investment, (ii) remittance, and (iii) online payments and purchases. Cryptocurrency kiosks provide consumers who do not have access to the traditional banking systems or who prefer to operate in cash the ability to access the cryptocurrency ecosystem.
- **Live Customer Support**
  - The cryptocurrency kiosk business shall maintain live customer support at a minimum on Monday through Friday between 8AM PST and 10PM PST.

Bitcoin Depot is proud of the company that we have established and the services we provide to consumers in the United States, Canada and Australia. Bitcoin Depot has established itself as a thought leader in an emerging market and has taken a balanced approach by focusing on compliance and consumer protection. Bitcoin Depot respectfully requests Maine to regulate this space in order to encourage the reputable operators to flourish while eliminating the bad operators.

Bitcoin Depot is available at the Committee's convenience for additional conversations to provide additional details on the cryptocurrency kiosk industry.

We look forward to additional conversations, and please do not hesitate to contact me with any questions.

Sincerely,

**/S/ Ethan McClelland**

Ethan McClelland

Director of Government Affairs

Bitcoin Depot