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Testimony in Support: LD 1339, An Act to Regulate Virtual Currency Kiosks

Greetings Senator Bailey, Representative Mathieson, and members of the Committee on Health Coverage, Insurance and Financial Services. My name is Alf Anderson, Associate State Director for Advocacy and Outreach for AARP Maine. AARP is a nonprofit, nonpartisan organization dedicated to helping people ages 50 and older age as they choose.

On behalf of our nearly 200,000 members statewide, I thank you for the opportunity to testify in support of LD 1339.

The increasing use of cryptocurrency kiosks within the United States has created a new avenue for criminals to drain the bank accounts of residents around the country. Since 2020, we have seen a tenfold increase in the losses involved in cryptocurrency kiosk scams, totaling over \$189 million nationwide in 2023, and over \$65 million in just the first half of 2024.¹ If these trends are to continue, Americans could soon be losing more than a \$200 billion a year in cryptocurrency kiosk scams alone. Furthermore, individuals over the age of 60 are three times as likely to lose money to a crypto kiosk scam, and of the nearly \$190 million lost in 2023, \$124 million of that belonged to those over 60² (for many retired adults that were impacted, it accounted for nearly all, if not all, of their life savings).

Upon review of the most recent 2023 report for scam victims within the state of Maine, more than 200 individuals were scammed in a manner involving cryptocurrency, totaling nearly \$6 million in losses.³ With over 120 and counting cryptocurrency kiosks scattered from Presque Isle to Kittery, the risk continues to grow that more Maine people will lose tens of thousands of dollars to these scams that take advantage of Maine's lacking cryptocurrency kiosk regulation.⁴ In further evidence of foul play, a recent lawsuit by the Iowa Attorney General found that more than \$20 million was sent to scammers through cryptocurrency kiosks in less

¹ *New FTC data shows massive increase in losses to Bitcoin ATM scams.* (2024, September 3). Federal Trade Commission. https://www.ftc.gov/news-events/news/press-releases/2024/09/new-ftc-data-shows-massive-increase-losses-bitcoin-atm-scams?utm_source=govdelivery

² Missakian, E. P. & N. (2025, March 20). *AARP pushes states to crack down on crypto ATMs.* AARP. <https://www.aarp.org/politics-society/advocacy/info-2024/states-crack-down-crypto-atm.html?msocid=216b327146c3684e1bca27c442c366eb>

³ *2023 Alabama IC3 Cryptocurrency Annual Report.* (n.d.). <https://www.ic3.gov/AnnualReport/Reports/2023CryptocurrencyState/#?s=22>

⁴ *Coin ATM Radar.* (n.d.). <https://coinatmradar.com/state/20/bitcoin-atm-maine/>

than three years, the majority of these crypto scams involving kiosks involved individuals over the age of 60, and more than 90% of transactions using these machines in Iowa were fraud related.⁵

By regulating these kiosks here in Maine and protecting our people from increasing crypto scams, this bill makes progress in several key areas:

The bill proposes a \$1,000 limit on daily transactions per customer to reduce the potential loss at kiosks from tens to hundreds of thousands of dollars per transaction to less than \$1,000.

Including a requirement for reporting of physical locations of these kiosks is something that law enforcement agencies in other states have supported as well, as it can assist them in their response time and investigation efforts.

The ability for new customers to obtain refunds for transactions they made in their first 90 days is critical to ensuring they have the recourse to obtain their stolen funds due to ongoing or repeat scams, and the reporting window of up to a year ensures that they and law enforcement will have ample time to realize a crime has been committed and report it as such.

While AARP supports this bill as written, there are several additional items we believe could protect even more Mainers, help law enforcement, and strengthen consumer protections.

- **Paper Receipts:** The first would be to add a requirement for paper receipts that show the date, time, and involved wallet addresses for the transaction, which would aid both individuals and law enforcement when tracking fraudulent transactions.
- **Refund of Fees:** Next, a requirement that fee surcharges for all customers should be required as part of the refund provision for fraudulent transactions. Kiosk operators often charge fees ranging from 10-30% or more on each transaction. This money is unrecoverable in any law enforcement action as it is kept by the kiosk operator. It is unconscionable for consumers to lose that additional money while kiosk operators profit from these fraudulent transactions.
- **Customer Service:** We would also support a requirement that communication information be displayed on the kiosk either physically or on screen including a telephone number that connects with live customer service during kiosk operating hours.
- **Fee Disclosure:** We would encourage additional language that requires the disclosure of fees and exchange rates before a transaction is completed,
- **Fraud Prevention Tactics:** The following fraud prevention tactics should be required: a verifiable customer identification program for all transactions, the use of blockchain analytics to conduct transaction monitoring, and a regularly monitored, dedicated

⁵ Iowa Attorney General's office. (2023). *LAUNCHING a FIRST-OF-ITS-KIND INVESTIGATION*.
https://www.iowaattorneygeneral.gov/media/cms/CryptoPresserFactSheet_025A49CA1858C.pdf

telephone line or email that connects government or law enforcement agencies to kiosk operator agents who can assist in an investigation.

- **Penalties:** To ensure adherence to the regulation, penalties that are linked to violations of unfair and deceptive practices should be included.
- **Protection of Rights:** Finally, and critically, we would recommend the inclusion of strong language that regulates the ability of kiosk operators to effectively nullify much of the bill's intent via their terms and conditions so that consumers would not be able to sign away the positive effects of this bill.

AARP Maine is proud to support the positive effects this initial bill would have on consumer protections and decreasing fraud in Maine. It should be noted that this bill does not seek to regulate cryptocurrencies. Rather, it is an attempt to thwart fraud and makes the ecosystem safer for legitimate users. Scammers are always seeking new ways to separate vulnerable people from their money and the use of virtual kiosks is just the latest in a long line of sneaky methods. Much like regulating traditional ATMs does not directly regulate the US dollar, this bill does not create barriers for investing, trading, or transacting in cryptocurrencies in a legal manner.

Thank you for the opportunity to provide our views on this important bill. If it would be helpful, I would be happy to provide further information and to participate in upcoming work sessions. I can be reached at aanderson@aarp.org or 207.330.1147.

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