



**TESTIMONY SUBMITTED TO THE MAINE JOINT HEALTH
COVERAGE, INSURANCE, AND FINANCIAL SERVICES COMMITTEE
Kevin Lolli, Assistant General Counsel and Consumer Protection Officer
April 17, 2025**

Chairs and honorable members of the Joint Health Coverage, Insurance, and Financial Services Committee, thank you for the opportunity to provide testimony today regarding LD 1205 and 1339. My name is Kevin Lolli and I am the Assistant General Counsel and Consumer Protection Officer for CoinFlip.

CoinFlip opposes certain language in LD 1205 and 1339 relating to the proposed regulation of virtual currency kiosks. However, CoinFlip supports further consumer protects requirements and appreciates the opportunity to offer additional recommendations and we look forward to continuing to work with the State of Maine to protect consumers.

Company Background

CoinFlip is a Chicago-based, global digital currency platform, focused on providing consumers a simple and secure way to buy and sell virtual currency. CoinFlip has operated in Maine since 2020 and was issued a Maine money transmitter license on February 27, 2024. Additionally, CoinFlip is a money service business ("MSB") registered with the Financial Crimes Enforcement Network. As an MSB, CoinFlip is subject to the Bank Secrecy Act ("BSA"), the United States PATRIOT Act, and their implementing rules and regulations. CoinFlip embraces licensing regimes as an effective means to create baseline requirements for operations, as well as effective oversight. CoinFlip holds approximately 30 money transmitter licenses with numerous additional applications currently pending.

LD 1295, 1339

Unfortunately, LD 1205 and 1339 rely on policy recommendations that create a false sense of consumer protection. Under federal law, CoinFlip is required to file a Suspicious Activity Report ("SAR") for any suspected suspicious transactions above \$2,000, comply with the Travel Rule at \$3,000, and file a Currency Transaction Report ("CTR") for transactions above \$10,000. Maine's proposed \$1,000 transaction limit encourages stacking transactions across multiple kiosk operators, and limits companies' Anti-Money Laundering efforts. Further, the limit will result in less information available to law enforcement as kiosk operators will no longer file any SAR or CTR.

The addition of transaction fee caps does not prevent customer fraud and in combination with transaction limits, inadvertently creates incentives for less transparency and less use of expensive compliance tools which keep consumers safe. The proposed Maine fee limits do not take into

consideration these unique operational costs and are a de facto ban of virtual currency kiosks in Maine.

Lastly, the refund provisions of LD 1339 are unprecedented for money service businesses. No responsible money service business wants to profit off fraudulent transactions, but allowing a full refund up to a year after transactions encourages fraudsters to defraud kiosk operators.

Proposed Consumer Protection Policies

CoinFlip believes smart regulation is good for business including the following:

- **Require licensure with the state.**
- **Require robust compliance programs.**
- **Require clear, highly visible warnings and fee disclosures.**
- **Require the use of blockchain analytics.**
- **Require live customer service.**

Currently, the federal government is reviewing the Financial Innovation and Technology for the 21st Century Act, as well as additional legislation that would establish a federal digital asset regulatory framework for digital asset products and transactions. Additionally, the Federal Trade Commission created the Stop Senior Scams task force, which CoinFlip is a member, to help identify the anatomy of a scam across industries and develop realistic solutions. These actions look to standardize regulation and consumer protection at a federal level while providing a holistic view of scam typologies.

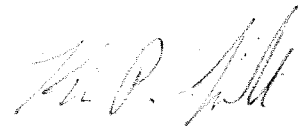
At the state level, Vermont implemented similar legislation last year. Recently, legislation was introduced to amend that law as Vermont recognized flaws in its original approach to fee caps and transaction limits. This new bill is aimed at increasing consumer protections, allowing responsible companies to continue to operate, and granting the state oversight of their operations.

We look forward to working with the State of Maine to improve LD 1205 and 1339 to achieve the right balance to protect Maine consumers and ensure continued access for lawful virtual currency transactions.

Thank you for your time and consideration.

Sincerely,

/s/ Kevin P. Lolli



Kevin Lolli
Assistant General Counsel