



Testimony of Matthew Netto, AARP Rhode Island  
**In support of House Bill 5121**  
House Innovation, Internet, and Technology Committee  
February 11, 2025

Chairwoman Baginski and Members of the Innovation, Internet, and Technology Committee:

AARP is a nonpartisan, nonprofit, nationwide organization with nearly 38 million members. Approximately, 125,000 of those members live in Rhode Island. Scams involving cryptocurrency ATMs are on the rise—and AARP Rhode Island is urging you to act this legislative session. HB 5121, sponsored by Chairwoman Casimiro, will create important consumer protections to save older Rhode Islanders from having their hard-earned money, sometimes their life savings, stolen by criminals misusing crypto kiosks or “ATMs” for fraudulent activity.

Cryptocurrency fraud has taken a quantum leap in recent years. The FBI says that in 2023, Americans reported losing more than \$5.6 billion through fraud involving cryptocurrency, Rhode Islanders lost over \$2 million in cryptocurrency fraud.<sup>1</sup> Cryptocurrency scams often involve payments made using cryptocurrency ATMs, also known as “crypto kiosks” or “virtual currency kiosks.” These devices can be found in supermarkets, convenience stores, gas stations, restaurants, and shopping malls. Today, there are more than 45,000 crypto ATMs nationwide. There are about 130 of them in operation in Rhode Island today.

Because crypto ATMs are still relatively new and largely unregulated at the state level compared to traditional financial institutions and money service businesses, they lack sufficient consumer fraud protections. As a result, criminals are using crypto ATMs to steal hundreds of millions of dollars from Americans each year through fraudulent purchase schemes. In the same report referenced above 2023, the FBI received over 5,500 complaints involving crypto kiosks, and Americans reported over \$189 million in stolen funds. Fraud is significantly underreported, so the amount stolen is likely far higher.

Perpetrators convince individuals that they must address an urgent matter, directing them to withdraw large amounts of cash from their banks. The individual then inserts that money into a crypto “ATM” and is told to direct the money to a “secure wallet.” Once the payment is made it’s transferred to the criminal and virtually untraceable.

HB 5121 is designed to prevent Rhode Islanders from losing their savings to criminals by implementing important consumer protections including:

---

<sup>1</sup> [https://www.ic3.gov/AnnualReport/Reports/2023\\_IC3CryptocurrencyReport.pdf](https://www.ic3.gov/AnnualReport/Reports/2023_IC3CryptocurrencyReport.pdf)

- **Licensing cryptocurrency kiosk operators in the state.** This is accomplished in the bill starting on page 4 line 21. A kiosk operator shall not engage in virtual currency business activity or hold itself out as being able to engage in virtual currency business activity with or on behalf of another person unless the kiosk operator is licensed in the state as a money transmitter. This section also ensures that operators obtain approval for new kiosk locations and requires quarterly reports to be submitted.
- **Posting fraud warning notices that are visible and identify steps people should take if they suspect fraudulent activity.** Because these crypto kiosks can look like bank ATMs, including disclosures and warnings is an important consumer protection. The language starting on page 5 line 6 continues through page 6 line 26, outline the notice that operators would be required to post and prompts to notify law enforcement if they suspect fraud.
- **Clearly displaying terms and conditions before a transaction, including any fees charged and the exchange rate.** The language starting on page 5 line 25 continues through page 6 line 26, outline the terms and conditions of the transaction, including any fees charged and the exchange rate.
- **Fee caps.** Page 8, lines 18-25 provides that kiosk may not charge more than the higher of \$5 or 3% fee on transactions.
- **Giving paper receipts with relevant transactional information.** Starting page 6 line 27 and continuing page 7 until line 7 it states that crypto kiosk operators must provide paper receipts with the operator's name and contact information, relevant state and local law enforcement in which to report fraud, the transaction details like sender and recipient names, transaction ID, transaction values and data, fee amounts. These and the other items aid law enforcement being able to investigate immediately, helping in victim recovery efforts.
- **Requiring cryptocurrency operators to refund transactions and ATM fees for fraudulent transactions related to fraud.** These requirements are spelled out on page 7, beginning with line 33 and continuing until page 8, line 11.
- **Imposing daily transaction limits to avoid potential risks associated with higher transactions.** Page 8, lines 12-16 specifies a \$1,000 limit on daily transactions per vendor. Limiting the amount of a transaction prevents a large one-time theft and also provides more opportunities for a victim to realize that a crime is being committed against them.

According to TRM Labs, a blockchain analytics company, criminals use crypto ATMs as they “can be an attractive payment method for elderly people and others who might be otherwise unfamiliar with crypto.” Their analysis found a single cryptocurrency address at a centralized exchange “received funds from 40 different cash-to-crypto services ATMs located all over North America. The same address was reported in multiple public reports and investigations as being used by scammers as an aggregator and off-ramp for stolen funds.”<sup>2</sup>

---

<sup>2</sup> <https://www.trmlabs.com/post/crypto-atm-payments-linked-to-known-scam-addresses>

According to another blockchain analytics company, Chainalysis, in 2022, crypto ATMs were used to send at least \$67.5 million to illicit addresses, including \$35.3 million to scammers.<sup>3</sup>

In March 2023, the founders of the Bitcoin of America ATM network, were arrested and dozens of their crypto ATMs were seized in Ohio. They were charged with money laundering and conspiracy. The prosecutor involved highlighted in particular their role in defrauding elderly victims, noting that they had done little to prevent these transactions and even less to help once the victim realizes they are the victim of crime.<sup>4</sup>

Efforts to combat the usage of cryptocurrency ATMs in crime are being introduced across the country. In 2023, the U.S. Secret Service Cyber Task Force began a seven-county Central Florida campaign to post warning signs at 433 identified ATM bitcoin hubs used in schemes across the state. The U.S. Secret Service has run similar door-to-door poster campaigns at businesses in Washington D.C. and Tennessee. To date, California, Connecticut, Minnesota, and Vermont have passed Crypto ATM regulation legislation. Legislation has been or will be introduced in an additional 30 states in 2025.

AARP regularly provides free timely information to consumers and their families through the work of our AARP Fraud Watch Network ([aarp.org/fraud](https://aarp.org/fraud)). In Rhode Island alone, we regularly provide consumer updates via media partnerships, free shredding events, educational community events, telephone townhalls, webinars, and volunteer presentations. We also support laws and regulations that strengthen and enhance consumer protections, like those contained in HB 5121. Fraud and other financial crimes, including cryptocurrency kiosk/ATM fraud, create real financial devastation.

In conclusion, while cryptocurrency is a legitimate form of currency that is becoming increasingly popular, it is also becoming an attractive way for criminals to steal money from innocent victims. Rhode Islanders need protection from these criminals and the point of transfer is the best place to deter crime. AARP Rhode Island strongly supports protections against fraud, and we urge you to support House Bill 5121.

Thank you for your time and consideration.

Sincerely,



Matt Netto, Associate State Director, AARP Rhode Island

---

<sup>3</sup> <https://www.chainalysis.com/blog/2022-crypto-scam-revenue/>

<sup>4</sup> <https://www.wkyc.com/article/news/local/cleveland/cuyahoga-county-prosecutors-office-operation-cryptocurrency-kiosks/95-3b4e04cc-ba02-4054-887e-009f541a1a8c>