

March 10, 2025

Chairman Barta and Members of the Committee, for the record, I am Rick Clayburgh, President and CEO of the North Dakota Banker's Association. The NDBA supports the enactment of **House Bill 1447**, which proposes to regulate crypto-currency kiosk machines here in North Dakota. NDBA supports the amendments offered by the Department of Financial Institutions.

Crypto-currency kiosks, often referred to as Bitcoin ATMs, have seen rapid growth in recent years. At the same time, Bitcoin ATM scams have led to significant consumer financial losses. According to the Federal Trade Commission (FTC), consumers reported losing over \$110 million to such scams in 2023. In the first half of 2024 alone, reported losses exceed \$65 million. These scams often involve fraudsters impersonating government officials, businesses, or tech support, creating a sense of urgency that prompts victims to withdraw cash and deposit it into Bitcoin ATMs.

Notably, the term "ATM" is misleading, as crypto-currency kiosks are not ATMs. ATMs are federally regulated and carry various protections for users. Many people using crypto-currency kiosks are misled into thinking they are protected when the fact is they are not.

HB 1447 aims to address the misuse of crypto-currency kiosks as tools for committing financial crimes with provisions such as:

1. **Licensing and Registration Requirements**
2. **Disclosures**
3. **Fraud Prevention**
4. **Daily Transaction Limits**
5. **Fee Caps**

The regulation of crypto-currency kiosks is a necessary step to ensure that the rapid growth of digital asset platforms does not further compromise consumer protection, legal compliance, or financial stability. Crypto-currency kiosk operators will be held to a standard designed to empower consumers to make informed decisions, thereby fostering trust and collaboration within the financial ecosystem of our state.

NDBA Requests the committee adopt the amendments presented by DFI and place a do-pass recommendation on HB 1447.

Thank you