



Written Testimony in Support of HB 1447: Virtual Currency Kiosk Fraud Prevention

Chairman Warrey and Members of the Committee,

For the record, my name is John Alexander, and I am here today on behalf of the Dakota Credit Union Association (DakCU), representing Both State chartered and federally chartered credit unions across North Dakota. We support the enactment of House Bill 1447, which introduces critical protections for consumers using virtual currency kiosks.

The conversation around cryptocurrency scams often focuses on elderly victims, but what we don't talk about enough is how these scams are devastating young adults—college students, single parents, and young professionals—many of whom are already struggling to make ends meet.

At credit unions, we see the real impact of financial fraud. We hear from members who have lost everything in a matter of minutes. One such case involved a 22-year-old college student from Fargo who, after receiving a panicked call from someone claiming to be from her bank's fraud department, was told her checking account had been compromised. The "representative" convinced her to withdraw \$1,500 in cash—the money she had saved for next month's rent—and deposit it into a nearby crypto ATM to "secure" her funds". She scanned a QR code the scammer sent her, and within seconds, her money was gone. She was left with no way to pay rent, no emergency funds, and nowhere to turn.

In another case, a young father from Bismarck, already struggling to keep up with daycare costs, was targeted by a fake tech support scam. His laptop froze, flashing an alert that his bank account had been hacked and urging him to "secure" his funds by transferring them through a Bitcoin ATM. He rushed to withdraw \$2,000—everything he had in savings—and deposited it into a machine at a gas station. The moment he pressed "confirm," the scammer disconnected, and his funds were unrecoverable.

These aren't just statistics. These are real people—young workers, students, and parents—who are one scam away from financial ruin. Unlike older adults who may have built-up savings, younger victims often don't have a financial cushion to fall back on. For them, a \$1,500 scam means eviction, car repossession, or being unable to afford groceries for the month.

HB 1447 addresses these threats by requiring virtual currency kiosk operators to implement fraud prevention measures, provide clear disclosures, and enforce daily transaction limits. Credit unions strongly support these efforts because, without these protections, these machines will



continue to be easy targets for fraudsters, preying on young consumers who often don't realize that crypto transactions are irreversible.

Unlike traditional ATMs, which are federally regulated and connected to consumer protections through banks and credit unions, crypto ATMs operate with little oversight. Many users don't even realize they are not protected. Scammers exploit this lack of regulation, directing victims to these machines because they know the transactions are instant and cannot be undone. By the time the victim realizes they've been tricked, the scammer has already moved the funds through multiple wallets, making recovery impossible.

HB 1447 helps level the playing field. By ensuring kiosk operators adhere to basic fraud prevention standards, the bill makes it harder for scammers to use these machines as tools for financial destruction.

Young North Dakotans should not have to live in fear that one wrong decision could cost them their entire financial future.

Thank you, Mr. Chairman and members of the Committee, for considering this important legislation. I am happy to answer any questions you may have.

John Alexander
Dakota Credit Union Association
Director of Legislative & Regulatory Affairs

A handwritten signature in black ink that reads "John Alexander III". The signature is written in a cursive style with a large, stylized initial "J".