



**TESTIMONY SUBMITTED TO THE ALASKA SENATE  
COMMITTEE ON LABOR & COMMERCE  
Jon Turke, Director of Government Affairs  
March 2, 2026**

Chair Bjorkman and honorable members of the Senate Labor & Commerce Committee, thank you for the opportunity to provide testimony today regarding SB 249.

CoinFlip opposes certain language in SB 249 relating to the proposed regulation of virtual currency kiosks. However, CoinFlip does support proposed regulatory measures that would further consumer protection including but not limited to licensure, mandatory disclosures, compliance program requirements, and technology requirements. We appreciate the opportunity to offer additional consumer protection-focused recommendations that we know to be highly effective in preventing fraudulent transactions at virtual currency kiosks and look forward to continuing to work with the State of Alaska 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. Founded in 2015, CoinFlip is one of the world's largest operators of virtual currency kiosks, with more than 5,000 locations across the United States and in nine countries around the world, employing more than 200 people.

CoinFlip's kiosks make buying and selling major cryptocurrencies accessible and secure for consumers who wish to purchase their virtual currency using cash. CoinFlip has operated in the State of Alaska since 2021 when we were granted a money transmitter license. 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 40 money transmitter licenses with additional applications currently pending. CoinFlip has moved to obtain these licenses, even in states where there is no current licensing requirement.

It is vital that smart, pro-consumer regulations are enacted to provide needed guardrails to the industry. However, it is important to remember that of all cryptocurrency scams that happened in the U.S. in 2024 (latest year data available), 3% happened at a kiosk, and 97% at another product. Additionally, the vast majority of the financial fraud still occurs at traditional financial institutions, gift cards, and payment apps like Venmo and PayPal.

## **SB 249**

Unfortunately, SB 249 relies on policy recommendations that create a false sense of consumer protection. The proposed transaction limits in the bill do not adequately consider federal reporting requirements. Under federal law, CoinFlip is required to file a Suspicious Activity Report (“SAR”) for any suspected suspicious transactions of at least \$2,000 and a Currency Transaction Report (“CTR”) for transactions above \$10,000. This information is placed in a repository for law enforcement to quickly and accurately conduct investigations.

Alaska’s proposed \$1,000/day transaction limit and \$10,000 monthly aggregate limit would encourage bad actors to split transactions across multiple operators (“stacking”) in order to avoid state thresholds, undermining AML monitoring and making scams harder to detect. These limits would also reduce reporting: if transactions are forced below federal CTR thresholds, kiosk operators will not file CTRs, resulting in less information available to law enforcement.

Other states have recognized that new customers should be protected with a lower daily transaction limit, however experienced customers can be granted larger daily limits. Most states have enacted laws with a \$2,000/day limit for new customers, defined, generally, as the first three to seven days, and then a \$10,500/day limit after that. Those states include Colorado, Illinois, Maryland, Nebraska, Oklahoma, and Arizona, among others.

A transaction fee cap of 3% is a de facto ban on the industry. CoinFlip supports clear disclosures on fees as consumer protection. Unlike a credit card fee or short-term loan interest, transactions at crypto kiosks are entirely voluntary and not necessary to make ends meet at the end of the month. States that have enacted fee caps, if at all, have been in the 15-18% range.

Lastly, the refund provisions found in SB 249 are unprecedented for money service businesses. No other financial service product has statutory requirements for authorized transactions like contained in this bill. Under Regulation E, a consumer is entitled to a refund only for an unauthorized transfer, not for transactions the consumer authorized or participated in (12 C.F.R. §§ 1005.2(m), 1005.11). Imposing this refund obligation solely on kiosk operators implies that no other participant in the scam ecosystem, such as phone carriers, social media platforms, email providers, or financial institutions, shares responsibility for the transaction, despite their role in enabling the fraud.

### **Proposed Consumer Protection Policies**

CoinFlip believes smart regulation is good for business. We believe that a regulatory framework is necessary to protect consumers and encourage innovation in the industry; however, transaction limits, fee cap, and refund provisions as currently proposed in SB 249 are a de facto ban on operating in Alaska and do not take into consideration federal reporting requirements. Instead, we developed the following best practices that would further enhance consumer protections and support their inclusion in any legislation:

- **Require licensure with the state.** CoinFlip believes a money transmitter license should be required for all virtual currency kiosk operators, allowing for state oversight and

periodic audits to determine the adequacy of compliance, finance, and cybersecurity programs.

- **Require robust compliance programs.** Kiosk operators should be required to directly employ a qualified, in-house, Chief Compliance Officer and compliance team, that does not have a large ownership interest in the company. At CoinFlip, we take compliance seriously: our Chief Compliance Officer is a former federal prosecutor, and our general counsel is a former Illinois Assistant Attorney General.
- **Require clear, highly visible warnings and fee disclosures.** We agree with the proposed legislation regarding the requirement of clear disclosures regarding all fees and terms of service. We also believe highly visible fraud warnings should be required to be displayed and acknowledged by the customer prior to the initiation and completion of any transaction.
- **Require blockchain analytics.** The use of blockchain analytics technology should be required to fight fraud by automatically blocking customer transactions to high-risk digital wallets.
- **Require live customer service.** Customer service is the first line of defense for consumer protection. We believe every virtual currency kiosk operator should be required to provide trained, live customer service at minimum during business hours.

CoinFlip shares your goals of consumer protection. Although blockchain technology and virtual currency kiosks are new, the fraud we see reported is all too familiar. Whether it's phone, email, text or an online pop-up, scammers repackage the same old tactics and utilize whatever methods they have at hand – Venmo, PayPal, Zelle, Gift Cards, MoneyGram or virtual currency kiosks – to dupe people out of their money.

The best defense for consumers is to be well-informed and well-alerted at the point of transaction. The best defense for companies is to have the right tools in place to help identify and fight fraud and help law enforcement catch the bad actors.