Stillwater Virtual Currency Kiosk Ban Ordinance

Stillwater Mayor Ted Kozlowski

Stillwater Police Chief Brian Mueller

Stillwater

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What are Virtual Currency Kiosks

Virtual Currency Kiosk

- Also referred to as “Crypto Currency ATM”
- Allows users to buy or sell cryptocurrency for cash, or transfer cryptocurrency to another person.
- All transactions have a high percentage-based fee (20-30%)

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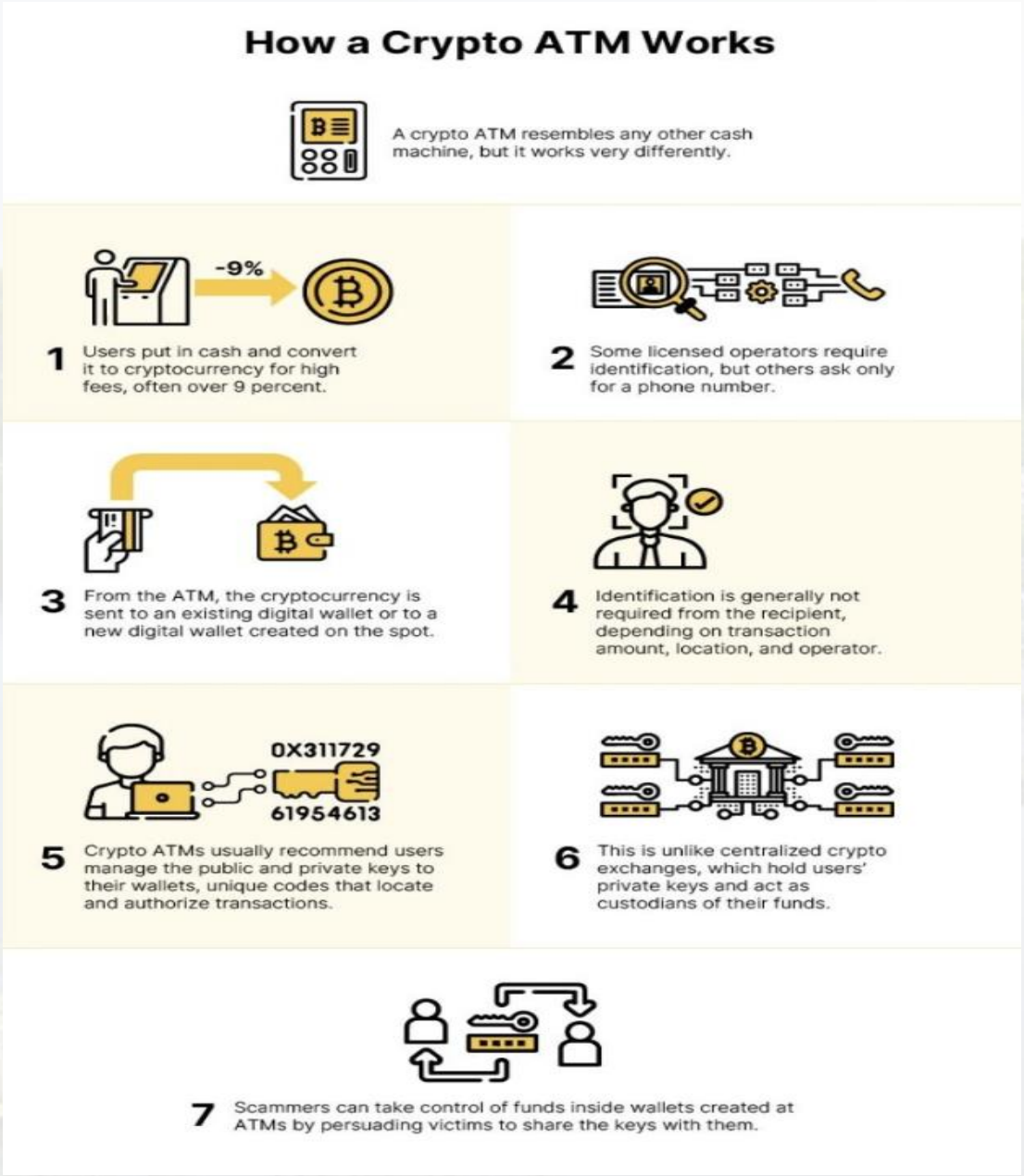
Kiosk Operation



Credit: OCCRP Organized Crime and Corruption Reporting Project

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Why Scammers Love Kiosks for Fraud

- Scammers manipulate, threaten, and intimidate victims with schemes to insert cash into the Kiosks
- Kiosks quickly move the victims' cash into tough-to-trace accounts owned by the scammers
- In 2023, $5.6 Billion in reported in U.S. losses, $2.5 Billion for people over 50 (FBI 2023 Report)

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Who Regulates Virtual Currency Kiosks?

Federal Regulation

- 31 CFR Subt. B, Ch. X, Pt. 1022
- Fed. Registration requirement for Operators
- Operators must register with U.S. Treasury Dept. Financial Crimes Enforcement Network as a "money service business" and meet certain requirements
- Kiosks themselves are NOT regulated Federally

State Regulation

- Minn. Stat. §53B.69-75
- State Licensing requirement for Operators
- Operators must obtain a state license and disclose details such as fees, liability for mistaken transfers, basis for recovery and whether a user can stop payment
- *If* a Kiosk is used, more disclaimers are required
- Kiosks themselves are NOT regulated by the State

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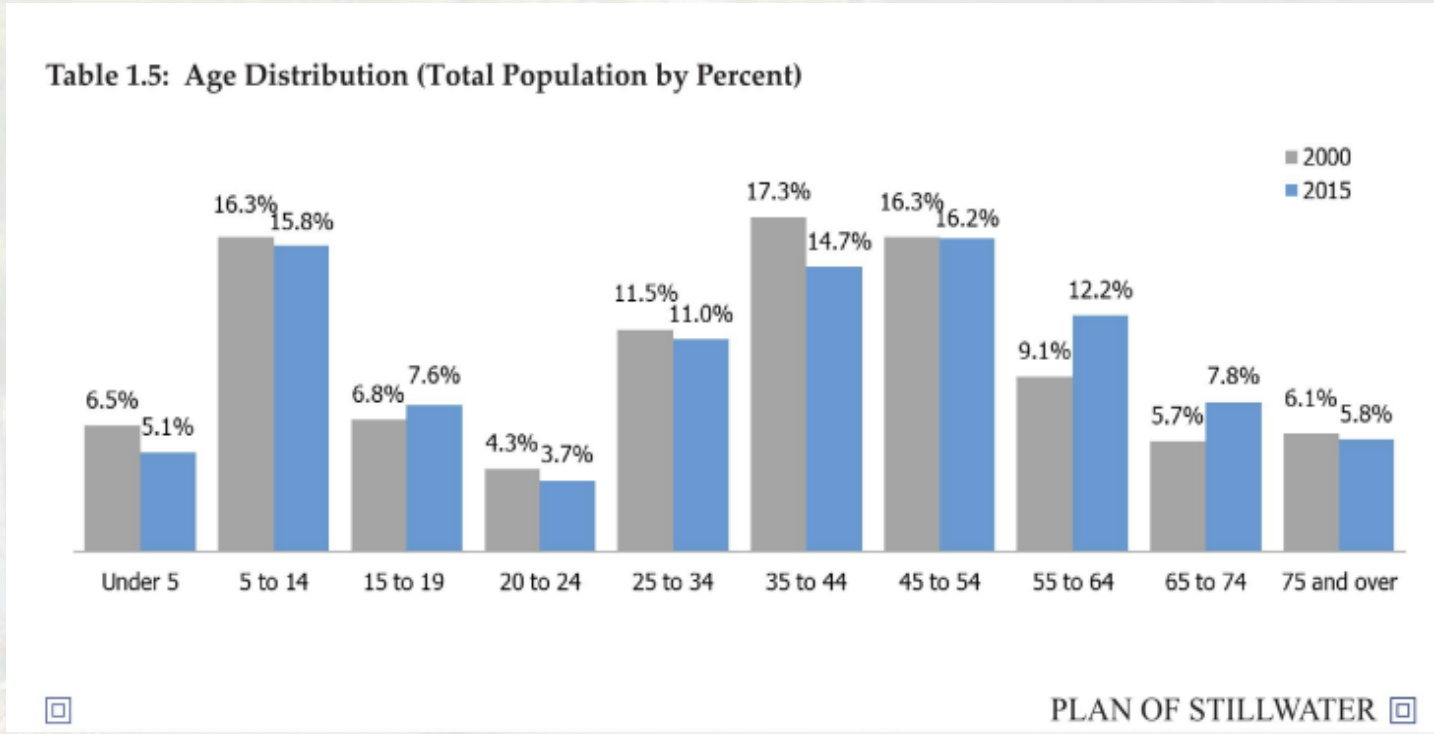
Stillwater Community Concerns

- 40% of Stillwater's population is 50 and over
- Stillwater PD has responded to over 30 scam reports since 2023 with over $156,000 in reported losses
- Forest Lake reported losses of $300,000 since 2023
- Woodbury reported losses of $6.6 million since 2021
- Most scams involve transactions at Kiosks



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Stillwater Ord. 2025-125 Kiosk Prohibition Adopted April 15, 2025

Provisions

- Prohibits Kiosks in the City (under general City Code, not Zoning Ordinance)
- Does not ban Virtual Currency Operators, only the physical Kiosks
- Hosts have 60 days to remove the Kiosks
- Authority: Police Powers as a Threat to Public Health, Safety, Welfare

Penalties

- Administrative Citation ($100 fine)
- Any Licensed Business (i.e., off-sale liquor) risks Suspension or Revocation of its City License for violating other provisions of the City Code
- Criminal Charges, if necessary

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Why did Stillwater ban the Kiosks?

- Kiosks are the tools preferred by scammers, targeting the elderly
- Kiosks are not regulated by Fed. or State Laws. The *Operators* are regulated, but not the Kiosks, which is only one method to conduct transactions
- Legitimate cryptocurrency businesses have other tools to transact business (apps, computers)
- Some cities are choosing a lesser (but included) form of regulation, beginning with a registration process and if too many crimes are reported, the registration would be revoked
- Stillwater chose to jump to the finish line

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