

## Minnesota Department of Commerce Virtual Currency Businesses and Virtual Currency Kiosks

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# Virtual Currency State Regulation

- Licensure required for virtual currency business activity
- Criminal penalties for knowingly operating while unlicensed
- BSA reporting requirements must be followed
- Recordkeeping requirements

- Virtual currency kiosks
- Specific disclosure requirements
- Transactional limits for new customers
- Refund requirements for new customers

## **Statewide Statistics**

- 34 Direct Consumer Complaints
- 51 Law Enforcement Reports
- \$718,168 in reported losses
- \$92,982 in reported refunds

| Scam Type Reported Since Law Came Into Effect             | Count of Scam Type |
|---|--------------------|
| Amazon Scam   | 1                  |
| Apple account compromise resulting in bank account freeze | 1                  |
| Apple Security Alert                                      | 1                  |
| Arrest warrant  | 1                  |
| Bank Account Hacked                                       | 2                  |
| Bank error - decimal point error/overpayment              | 1                  |
| Bank impersonation  | 1                  |
| Computer hacked with porn                                 | 1                  |
| Computer Security   | 2                  |
| Fake FTC arrest warrant email                             | 2                  |
| Fake Paypal Email   | 1                  |
| iCloud/Apple account breach text                          | 1                  |
| Law Enforcement Impersonation                             | 20                 |
| Microsoft IT  | 5                  |
| Norton Anti-Virus phishing scam                           | 1                  |
| PayPal  | 1                  |
| Phone (missed jury duty)                                  | 1                  |
| Phone (warrant)   | 2                  |
| Phone scam  | 2                  |
| Phone scam by text  | 1                  |
| Social Media Grooming                                     | 1                  |
| Theft by Swindle  | 1                  |
| Xfinity network breach/FTC impersonation                  | 4                  |
| Grand Total   | 55                 |

## St. Paul Kiosk Statistics

- 1 Direct Consumer Complaint
- 8 Law Enforcement Reports
- \$55,521 in reported losses
- \$0 in reported refunds

| Scam Type Reported Since Law Came Into Effect | Count of Scam Type |
|---|--------------------|
| Apple Security Alert                          | 7                  |
| Theft by Swindle                              | 1                  |
| (finity network breach/FTC impersonation      | 1                  |

#### **Commerce Administrative Actions**

- Coinme, Inc. (Seattle, WA)
  - Related to net worth and financial soundness
- Athena Bitcoin, Inc. (Miami, FL)
  - Related to unlicensed activity
- GPD Holdings LLC dba Coinflip (Chicago, IL)
  - Related to unlicensed activity

Available on our website:

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## What is Working?

- Law enforcement is more aware and engaged with Commerce
- Companies are getting licensed
- More consumers are aware of the new law due to publications by the Department, media reporting, and interdepartmental and interagency coordination

## What is Not Working?

- Limiting refunds and requirements to new customers only
- Entities avoiding refund obligations because of new customer definition limitations
- Tight deadlines and requirements for refunds
- Scam prevention



# Questions?