NINA MOINI: A new state law taking effect Saturday, August 1, aims to put a stop to scams that caused Minnesotans to lose nearly $1 million over the last few years. The scheme involves an ATM-like machine called a cryptocurrency kiosk. And when successful, it's nearly impossible to recover the funds.

State lawmakers passed a ban on these machines this past legislative session in light of these scams. My next two guests are here to help us better understand how the ban came to be and how it will work once it takes effect. Sara Payne is the assistant commissioner of enforcement with the Department of Commerce. Thanks for being with us, Sara.

SARA PAYNE: Good afternoon. Thanks for having me.

NINA MOINI: Thanks for being here. And Cathy McLeer is state director of AARP Minnesota. Thank you, as well, so much for your time, Cathy.

CATHY MCLEER: Oh, my pleasure.

NINA MOINI: Sara, I'm glad we're talking about this. Could you describe what these crypto kiosks are and how they're being used to scam people? I had not heard of this.

SARA PAYNE: Yeah. So crypto kiosk machines function a little bit like an ATM in that consumers can deposit cash into the cryptocurrency kiosk. And then it is converted into cryptocurrency. And the transactions happen almost instantaneously-- so very difficult to undo once a transaction has happened.

And over the last couple of years, cryptocurrency kiosks have become a frequently used tool for financial fraud in Minnesota. Scammers have identified crypto kiosks as a preferred payment method because the transactions are so fast, irreversible, and largely anonymous, which is why the state took action to ban them here in Minnesota.

NINA MOINI: So tell me a little bit more. What does it look like? Where are they? And how are people being drawn to them?

SARA PAYNE: Sure. So cryptocurrency kiosks are frequently located in gas stations, grocery stores, other retail spaces like that. So they're very easy to find and to use.

What is happening in terms of some of the scams that we have seen over the last several years is that scammers are targeting consumers all across the country, including in Minnesota, and encouraging them to engage in cryptocurrency transactions. So for example, scammers may pose as a family member in distress. They may pose as a government entity and say, if you don't pay this fine or this tax bill or bail this person out of jail, dire things are going to happen. And so it really creates this false sense of urgency and tries to convince consumers to deposit that money into a crypto kiosk as soon as possible.

And like I said, once a crypto kiosk transaction is initiated, it's very, very difficult to undo that. In 2025 alone, the FBI reported that Americans lost over $388 million to scams involving crypto ATMs. And that was a 58% increase over losses in 2024. So it's a rapidly growing criminal enterprise and-- that state and groups like AARP have been working hard to try to protect Minnesotans from.

NINA MOINI: Thank you for that perspective. Cathy, it's really hard to hear about when older Americans, older Minnesotans, are disproportionately affected by some of these scams. You think about the urgency factor and just the scheme behind all of it. Would you tell us a little bit more about how older Minnesotans have been disproportionately affected?

CATHY MCLEER: Yeah. So we hear all the time these really heartbreaking stories of older adults who have lost, in some cases, a few thousand dollars on up to their entire life savings to these scams and bad actors. And the reason that AARP has been so involved in this is that financial security is so critical to us all as we age. And so frauds and scams like this start to chip away at that security. They chip away at our health security, our independence, our financial stability.

And the reality is anyone at any age can be targeted by these scams. But our research does show that older adults often lose more in these scams because they have more to lose, like their entire life savings.

NINA MOINI: Cathy, do you think the use of cryptocurrency and that terminology-- do you think that is intimidating for people of any age, really? But do you think that that is part of this scam here? It's something maybe you quite-- don't even quite understand. But the urgency encourages people to act.

CATHY MCLEER: Yeah. I think the uncertainty and lack of knowledge around this industry certainly plays into it. And as the assistant commissioner just stated, this is new technology. And it's emerging all the time. You indicated that you weren't aware that this was happening. We heard from lawmakers that they weren't aware that this was happening until they heard from their local law enforcement just about how prevalent this is.

And I think if you don't understand something, when a fraudster comes at you with this sense of urgency-- maybe it's a grandparent scam. You think a loved one is in trouble, or maybe it's someone saying that you need to immediately pay this bill or they're going to threaten you with arrest. It's that sense of urgency. We call it getting you under the ether.

These fraudsters take advantage of that fear and create that sense of urgency. And if you don't fully understand how that technology works and that once that money is gone, it is very, very difficult to get it back, I think that's where you have that perfect storm of people who don't understand the technology and the fear of what's being said to them that leads them to put the money into the machine, and the money's gone.

NINA MOINI: Sara, what happens now by August 1, when the ban kicks in? And how is it going to be enforced?

SARA PAYNE: Great question. So beginning August 1, crypto kiosks may not be operated, installed, maintained, or made available for use in Minnesota anywhere. And then on or before December 31, all those kiosks must be physically removed from retail locations. So you shouldn't be able to see them anywhere in public.

The Department is working with licensed money service businesses to ensure that they understand the ban and comply with it. If the Department of Commerce discovers that a cryptocurrency kiosk is operating after on or after August 1, it can take enforcement action against the operator, which can include legal sanctions and civil penalties.

We are also encouraging licensees, retailers who have been hosting kiosks in their space, and members of the public to notify the Department of virtual currency kiosks if they see them located in public spaces. We have a dedicated email box to accepting reports. It's VirtualCurrencyKioskReporting.comm@state.mn.us. And you can also call us at 651-539-1600.

NINA MOINI: Was there any pushback-- this for the assistant commissioner. Was there any pushback from anybody? Can these be used for normal purposes or not scheme purposes?

SARA PAYNE: We are not aware of any pushback to the ban from consumers. People who engage in crypto exchanges legitimately have many other means to do so. So cryptocurrency can still be purchased, sold, and held through reputable online and Minnesota-licensed exchanges. Those platforms generally have lower fees and stronger consumer protections, making them safer than cash-based kiosks.

And additionally, another new crypto law goes into effect on August 1, which provides that state-chartered banks and credit unions can offer and provide cryptocurrency custody services. And that law provides some guardrails around the use of those services.

So removing the machines cuts off a significant scam pipeline. And we've heard significant positive feedback from law enforcement, from municipalities, from our partners at AARP, and from other consumer groups.

NINA MOINI: That's good to know. I'll direct this last question for you, Cathy. Generally speaking, we know there are so many scams out there. It's scary, in a way, particularly for older people. But like we've mentioned, anybody can fall victim to these kinds of scams.

What do you do, or how do you encourage families to talk to one another about staying alert, staying aware? You really never know what's popping up on a grandparent or a parent's phone.

CATHY MCLEER: Yeah. AARP is very big on consumer protection and fraud education. And so if you know how to spot a scam, you can stop a scam. And so we really encourage people to get educated.

We have a ton of resources, free resources. You don't have to be an AARP member or over the age of 50 to take advantage of those. We hold workshops all across the state and across the Twin Cities.

But you can always get more information at AARP.org/fraud. We also have an all-volunteer-run Fraud Watch Network Hotline. And I'll give that number-- 877-908-3360.

And so what we really encourage people is, A, educate yourself. Understand what scams and frauds are out there. You can sign up to get alerts through our Fraud Watch Network.

Educate yourself. Learn about those tips on spotting and stopping scams. Make sure that if you think you have been targeted by a scam-- it's so important to report that scam to your local law enforcement agency because otherwise, you really aren't going to have any recourse.

And we also think sharing your experiences with others-- oftentimes, victims don't report scams or talk about it because they're embarrassed or they're fearful of retribution. And it's so important to share those experiences so that others can benefit from what you've learned.

And the final thing I want to share is that AARP was also very active not only in helping pass early regulations on these cryptocurrency kiosks, but the ban as well. We were also involved in establishing the Consumer Fraud Restitution Fund through the Attorney General's Office.

And while you can never be made whole if you become a victim of one of these financial crimes, at least we have a little bit of a recourse to get people some financial relief. And so if you have been a victim, it's really important to report those crimes, and then seek out help to get recovery if that happens to you.

NINA MOINI: I'm really glad we talked about this. Thank you both so much for your time.

CATHY MCLEER: Thank you for having me.

SARA PAYNE: Thank you.

NINA MOINI: Sara Payne is the assistant commissioner of enforcement with the Department of Commerce. And Cathy McLeer is state director of AARP Minnesota.