



CHIEF OF POLICE
John Sherwin

POLICE DEPARTMENT

DEPUTY CHIEF
Matt Long

March 9, 2026

Members of the Minnesota Senate Commerce Committee
Minnesota State Senate
St. Paul, Minnesota

Dear Chair and Committee Members,

I write to you as Chief of the Faribault Police Department regarding the growing impact of cryptocurrency kiosk fraud in the city of Faribault, as you consider SF 3868. Based on our direct investigative experience, cryptocurrency ATMs have become a primary vehicle for financial exploitation, particularly for elderly residents.

While cryptocurrency kiosks are lawful business ventures that allow customers to convert cash into digital currency, they are frequently exploited by scammers who direct victims to deposit large sums of money into a kiosk and transfer funds to a fraudulent digital wallet. Once transferred, these funds are typically unrecoverable. The irreversible nature of cryptocurrency transactions makes these crimes especially damaging.

Since 2022, our department has investigated over \$500,000 in reported cryptocurrency ATM losses involving Faribault residents across multiple cases. The average age of our victims is 68 years old. These are retirees, grandparents, and long-time community members who are often less familiar with digital currency and emerging technologies. Importantly, fraud is widely underreported. Research suggests only about 25% of victims report their losses to law enforcement, often due to embarrassment or fear of judgment. The actual financial harm in our community is likely substantially greater than documented.

The State of Minnesota has already recognized the role these kiosks play in facilitating fraud and enacted legislation in 2024 to limit daily transaction amounts and require warning notices on new machines. While these measures were a positive first step, our investigations demonstrate that fraud continues at significant levels.

We are aware of six retail locations within Faribault that currently host cryptocurrency kiosks, including convenience stores, grocery outlets, liquor stores, and tobacco shops. Scammers routinely instruct victims to visit these locations, often coaching them by phone while they are physically standing at a machine. In several cases, victims withdrew large sums from local financial institutions immediately before depositing the cash into a kiosk.

From a public safety perspective, the current kiosk model presents significant challenges:

- Transactions are immediate and irreversible.



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- Retail staff are generally untrained in recognizing scam indicators.
- Law enforcement has an extremely limited ability to recover funds once transferred.

The individuals we serve are not engaged in speculative investing. They are being deceived through a variety of scams into converting life savings into digital currency under duress.

Regardless of the policy direction ultimately chosen, I urge the Committee to center the discussion on victim protection and real-world impact. In Faribault alone, the amount of reported fraud in the past 3 years is significant.

Thank you for your consideration of this important public safety issue and for your continued efforts to protect Minnesota residents from financial exploitation. I would welcome the opportunity to provide further information or testimony if helpful.

Respectfully,

A handwritten signature in blue ink, appearing to read "John Sherwin", with a long horizontal flourish extending to the right.

John Sherwin
Chief of Police
Faribault Police Department