

FRAUD FIGHTERS AIM AT CRYPTO

New law a tool to address scams

BY FREDERIC J. FROMMER

A recently-enacted law, backed by AARP, is giving law enforcement new tools to help target cryptocurrency fraud—a growing problem in Minnesota and across the country.

It's just part of a broad effort by AARP, law enforcement officials and others to help Minnesotans protect themselves from con artists who constantly change their tactics—and artfully play off people's fear and emotions.

The law, passed by the Legislature last year, requires licensed cryptocurrency-ATM operators to issue refunds to victims of fraud, and sets a daily transaction maximum of \$2,000; both provisions apply to new customers.

Lynn Lawrence, a detective in the Woodbury Police Department east of the Twin Cities, worked with her state representative to push for the law, hoping to curtail something that's a particular risk to older adults.

With cryptocurrency ATMs—also known as cryptocurrency kiosks or Bitcoin ATMs and often looking like traditional ATMs—Lawrence notes there's "a large level of confusion" because people aren't familiar with them. "When the scammer gets them on the phone, keeps them on the phone, directs them to go obtain cash from the bank ... they're just in the mold where they're just following directions," she says.

The law, which went into effect Aug. 1, also requires cryptocurrency ATM operators to post warnings about fraud. They also must return money to fraud victims if they're considered a "new customer"—an account holder for less than 72 hours—who reported the loss within 14 days.

In 2023, consumers in Minnesota reported losing \$125.6 million to fraud, according to Federal Trade Commission data. Nationally, the FTC says, Americans lost more than \$10 billion that year; due to underreporting, that figure is likely far higher.

FAKE WEBSITES, PHONY FEES

In Woodbury, police are also combatting investment scams that entice people with what appear to be big gains on fraudulent websites.

The "gains" are non-existent, although people don't learn that until after sending money to cover fake "taxes" and "fees."

"We need to stop it before it happens," Lawrence says—in part through education. She says her goal for 2025 is to get in front of as many people as possible with PowerPoint presentations at venues such as church groups and senior centers.

Bank transfers have historically been the top way victims send money to criminals, says Seth Boffeli, senior adviser for fraud prevention programs in AARP's national office. But cryptocurrency scams are rising rapidly—up nearly tenfold from 2020 to 2023, the FTC says.

That's something that Martin Fleischhacker, who last month retired as senior financial fraud ombudsman at the Minnesota Department of Commerce, has seen. The department often partners with AARP, local law enforcement, financial institutions and others across the state on education events.

"Cryptocurrency transactions in the last year just took a rocket ride to the moon," he says, with

FRAUD VICTIMS WHAT TO DO

- ▶ Contact any financial institution involved with the transaction, such as your bank or credit card company.
- ▶ Report the incident to your local police, the state's attorney general, the FBI or other enforcement authorities.
- ▶ In cases of ID theft, file a report at identitytheft.gov and consider freezing your credit.
- ▶ Block or ignore further messages from the perpetrator.

For free advice, call the AARP Fraud Watch Network Helpline, at 877-908-3360.

AARP Minnesota is pushing lawmakers to create a consumer fraud restitution fund. Learn more at aarp.org/MNfraud.

"people—60-, 70-, 80-, 90-year-olds—running down to those cryptocurrency machines and feeding \$100 bills into them."

The state commerce department says it has seen a "steep rise" in complaints related to crypto kiosks.

In central Minnesota, Todd County Sheriff Michael Allen says his department has recently started a fraud-prevention program that involves going into the community to educate people on how to avoid the traps. The department has tasked one deputy to work in this space; his work is aimed mostly at older adults, but it also seeks to help educate kids in school and any group of people more apt to be victims of fraud, Allen says.

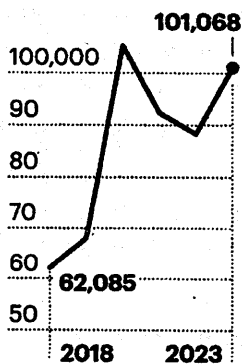
The county of about 25,000 people had its first Bitcoin scam in 2024. "It brings more challenges to us because we typically haven't dealt with that," he says. □

Frederic J. Frommer has worked as a journalist for more than 30 years, including 16 years at The Associated Press, and is the author of several books.

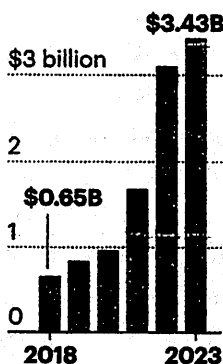
FOR OLDER AMERICANS, FRAUD ON THE RISE

Scams targeted at people 60 and older have risen in recent years—in complaints and money lost. Officials say that due to underreporting, the true numbers are likely far higher.

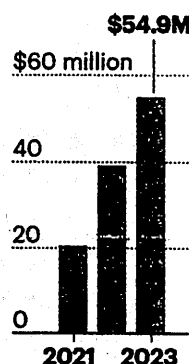
COMPLAINTS, U.S.



LOSSES, U.S.



LOSSES, MINNESOTA



SOURCE: FBI INTERNET CRIME COMPLAINT CENTER; COMPLAINTS AND LOSSES ARE FOR THOSE 60 AND OVER.