

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-6990

AN ACT CONCERNING THE SEIZURE AND FORFEITURE OF DIGITAL

Title: WALLETTS AND VIRTUAL CURRENCY.

Vote Date: 3/11/2025

Vote Action: Joint Favorable

PH Date: 2/27/2025

File No.:

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SPONSORS OF BILL:

The Banking Committee

REASONS FOR BILL:

With the recent growing interest in digital forms of currency, many individuals are falling victim to scammers who are targeting Americans' life savings. This bill would specifically include digital wallets and virtual currency within the definition of "assets." Regulating digital assets would help prevent fraud and criminal activity by allowing such assets to be seized and forfeited. Increased regulation would also enhance law enforcement's ability to prosecute individuals committing crimes involving cryptocurrency and other digital assets.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Ronnell Higgins, Department of Emergency Services & Public Protection,](#)

[Commissioner:](#) He stated that cryptocurrency scams accounted for at least \$9.9 billion globally in 2024, with 'pig butchering' scams increasing by 40% year over year. He cited a case in Willimantic in which a victim lost \$230,000, with only \$180,000 recovered, due to the absence of explicit digital wallet language in Connecticut statutes.

NATURE AND SOURCES OF SUPPORT:

[Jamie Foster, Connecticut General Assembly, CT State Representative 57th:](#) She explained that HB-6690 includes many key elements from HB-6651 but noted that some provisions still need to be added. She then highlighted similar proposed legislation in other states, including California, Texas, Missouri, Delaware, Illinois, Nebraska, and New York.

She also provided several recommendations to strengthen the bill, including adopting administrative or civil asset forfeiture mechanisms, clarifying due process protections, implementing mandatory victim notification systems, and providing tax relief for confirmed victims. She concluded by urging the committee to adopt the missing provisions that were excluded from HB-6651, emphasizing that this bill will ensure Connecticut is well-equipped to combat cryptocurrency fraud while protecting due process rights.

William Baldwin, Torrington Police Department, Chief of Police: He noted the positive effects this bill would have on law enforcement in addressing crypto-related criminal activity.

Jacqueline Crenshaw: She cited her experience with a crypto scammer who exploited her by pretending to form a relationship. She explained that the scammer used another victim's money to repay the funds she had lost, making it appear as though it was a legitimate return. She noted that local police were unable to help her, as law enforcement in Connecticut lacks the tools to assist individuals in her situation.

Connecticut Police Chief Association: They stated that there has been an increase in cryptocurrency crimes and that the passage of this bill would be a valuable tool in combating these offenses. They also requested that several parts of the bill be expanded upon, including defining the terms "cold storage" and "abandoned wallets," ensuring that administrative or civil forfeiture mechanisms are included, and creating a "Victim Compensation Fund." They further recommended permitting forfeiture notices to token issuers, wallet holders, and exchanges; defining the legal standards for seizing digital assets; establishing a mandatory notification system to inform victims when assets are recovered; and waiving state taxes on money stolen in scams. Additionally, they called for defining a permissible method for delivering a warrant when the alleged wallet owner is not domiciled in the state and ensuring that clear due process protections are in place while still allowing for effective asset seizure when perpetrators are located overseas.

Florencio Cotto, Police Officers Association of Connecticut, President: They noted that this is an essential update to Connecticut's penal code and explained that digital assets are becoming fundamental in the world's economy, and current statutes do not properly address them. They stated that this legislation removes ambiguity and establishes clear asset forfeiture mechanisms to assist victims of crypto schemes.

John Wilson, AARP CT, Volunteer State President: He explained that the targeting of older adults using a variety of fraud tactics has become more prevalent. He stated that the Federal Trade Commission estimates that, due to underreporting, criminals stole nearly \$158.3 billion from Americans in 2023. He explained that due to the anonymity associated with cryptocurrency transfers, there is no flagging process offered by banks for suspicious activity. He further elaborated that the regulation of digital wallets and virtual currency assists in keeping Connecticut residents safe in a digital age. He also proposed that additional language be added to the bill, specifically the definition of digital currency in the penal code, which allows for the pre-conviction confiscation of digital wallets associated with thefts written into HB-5237 and legislation in HB-6651, which would make it easier to prosecute cryptocurrency theft.

NATURE AND SOURCES OF OPPOSITION:

None Expressed

Reported by: Tucker Carroll

Date: 3/13/2025