

memorandum

DATE: August 18, 2025
TO: Lathrup Village Planning Commission
FROM: Jill Bahm & Eric Pietsch, Giffels Webster
SUBJECT: Zoning Amendment – Cryptocurrency ATMs

Previous Action/Discussion

- At the July 15, 2025 meeting, the Planning Commission discussed amending the ordinance to allow cryptocurrency ATMs in certain areas of the city and establishing standards with the intent to protect the health, safety, and welfare of the public. The Commission requested the Virtual Currency Machine Ordinance of Grosse Pointe Farms be used as guidance for consideration of draft language for an ordinance in Lathrup Village.

Introduction

What prompted this amendment?

- The following information is in response to a request from the Planning Commission's desire to learn more about cryptocurrency and its evolving presence within communities. At a recent Planning Commission meeting where check cashing businesses were a topic of discussion, a resident commented on a report out of Waterford Township, MI that highlighted security concerns while using crypto kiosks or ATMs. There is interest in determining if municipalities are regulating cryptocurrency establishments (mainly kiosks or ATMs) and what the current findings unveil.

Current Language

What does the ordinance say?

- The ordinance does not include any provisions for cryptocurrency/virtual currency or the machines that service cryptocurrency transactions, nor does it define a term, or related term.

What does the Master Plan say?

- Cryptocurrency, or digital currency, is a relatively new concept that is increasingly becoming more mainstream. Therefore, the Master Plan is silent as it relates to these terms.

Security Concerns

- As one example, the legal status of bitcoin, as a cryptocurrency, varies substantially from one jurisdiction to another. Because of cryptocurrency's decentralized nature and its global presence, **regulating bitcoin is difficult**. However, the use of bitcoin can be criminalized, and shutting down exchanges and the peer-to-peer economy in a given country would constitute a de facto ban (*Jacob Weindling "China May Be Gearing Up to Ban Bitcoin"*). The use of bitcoin by criminals has attracted the attention of financial regulators, legislative bodies, and law enforcement. Nobel-prize winning economist Joseph Stiglitz says that bitcoin's anonymity encourages money laundering and other crimes. This is the main justification behind bitcoin bans. As of November 2021, nine countries applied an absolute ban (Algeria, Bangladesh, China, Egypt, Iraq, Morocco, Nepal, Qatar, and Tunisia) while another 42 countries had an implicit ban.

In Lathrup Village, there is recognition that cryptocurrency ATMs offer legitimate currency transactions and that the technology is becoming more widely used. Therefore, when considering an ordinance amendment, the Planning Commission should focus on ways to ensure the public health, safety, and welfare are protected.

Considerations for Permitting Cryptocurrency ATMs

- Establishing a definition(s)
- Location: which zoning districts to allow the use
- Establish requirements for posted warnings of the risks associated with cryptocurrency transactions.

Additional Research

The following information was included in previous discussions with the Planning Commission and is provided for reference and familiarity of the terms previously used.

- **Cryptocurrency** is a digital currency in which transactions are verified and records maintained by a [decentralized](#) system using [cryptography](#), rather than by a [centralized](#) authority.
- **Cryptography** is the art of writing or solving codes.
- **Decentralize** means to be controlled by several local offices or authorities rather than one single one.

Per Oswego University of NY:

- Cryptocurrency, or crypto, is a form of digital currency that can be used for internet-based electronic payments or as a store of value. The **idea of "digital cash"** isn't new—credit cards, PayPal, Venmo, and other payment methods permitting easy, traceable electronic transactions came before.
- Cryptocurrency differs from other digital transactions primarily through its **decentralized** nature and use of blockchain technology. Unlike traditional digital transactions that are managed by banks or

payment processors, cryptocurrencies operate on a peer-to-peer network secured by cryptography and recorded on a public, transparent blockchain (source: coursera).

- **Blockchain technology** is a shared, immutable (*can't be tampered with*) ledger that records transactions in a secure and transparent way. It's a **decentralized** system where data is stored in blocks that are linked together in a chain, making it difficult to alter or tamper with past records. This technology is often associated with cryptocurrencies like [Bitcoin](#), but it has potential applications in various industries beyond finance.
- **Bitcoin** is the first [decentralized cryptocurrency](#). Based on a [free-market](#) (*supply & demand*) ideology, bitcoin was invented in 2008.

Waterford Township Reported Scam

[Police warn of rise in Bitcoin ATM scams in Waterford, install large signs](#) (wxyz.com)

- The Waterford Police Department started an initiative to post large warning signs next to Bitcoin ATM machines at nearly 20 local businesses around Waterford, cautioning customers before sending large sums of money to potential scammers. However, nothing has been written into an ordinance.
- The report states law enforcement was able to retrieve \$7,000 of the victim's cash, which had the transition gone through, would have amounted to \$16,000.
- Waterford police say these types of attempted scams occur at least once a week and that cases have ranged from \$500 - \$500,000 where the money is almost always lost.

State of Michigan

- There was no finding of any instance of a codified regulation in Michigan, and there are no real statewide guidelines or regulations regarding crypto ATMs – it seemingly continues to be a gray area, policy wise.

Other States

- Omaha, Nebraska, which recently passed an ordinance [requiring](#) all crypto ATMs to have a written warning to alert users of potential fraud or scam risks.

Sec. 3.13. – Cryptocurrency teller machine warning notice.

- (a) Any person or business operating or providing access to a functioning crypto automated teller machine (ATM) or Bitcoin teller machine (BTM) on its premises shall post a written warning in the form of a sign within readable sight of the crypto ATM or BTM providing notice to customers and users of the potential fraud or scam risks associated with utilizing the crypto ATM or BTM.
- (b) The written warning or sign referenced in this section shall be provided by the Omaha Police Department who may cooperate with other law enforcement agencies.
- (c) It shall be unlawful for any person or business operating, or providing access to, a functioning crypto automated teller machine (ATM) or Bitcoin teller machine (BTM) not to post such a notice. Any person or business found guilty of violating the provisions of this section shall receive a \$500.00 fine.

- Spokane, Washington City Council voted in June to ban crypto ATMs throughout the entire city. The ordinance reads as follows:

10.90.040 Virtual Currency Kiosks Prohibited

It shall be unlawful for any person or entity to host, allow, operate, permit, locate or place a Virtual Currency Kiosk within the City of Spokane. All Virtual Currency Kiosks existing in the City as of the Effective Date of this Ordinance must be removed within 60 days after the Effective Date.

10.90.050 Exceptions

Nothing in this Chapter shall be construed to regulate or restrict a transfer of Virtual Currency. This Section does not apply to any Virtual Currency Transfers that are conducted without the use of a Virtual Currency Kiosk and does not intend to interfere with other types and methods of Virtual Currency Transfers.

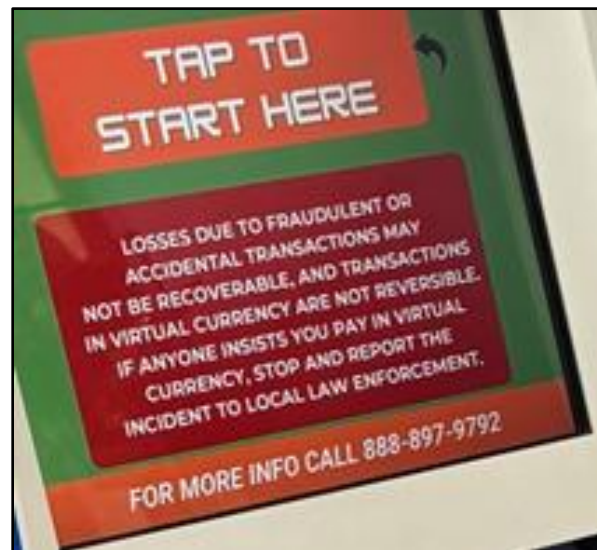
10.90.060 Penalty

Violations of this section may result in a class 1 civil infraction issued to the Virtual Currency Kiosk Operator. In addition, the City of Spokane may cancel or revoke the business license or registration of any Virtual Currency Kiosk Operator in violation of this chapter.

Cryptocurrency ATM Locations in Lathrup Village

- Unless determined otherwise, a simple online search reveals there are currently no cryptocurrency ATM or BTM kiosks within the city limits of Lathrup Village. However, search results indicate kiosks can be found within close proximity beyond the boundaries of the city.

Real world example of a digitally posted warning sign on a Cryptocurrency ATM:



Amend Section 2.2: Definitions to add:

Cryptocurrency. Any digital representation of value for which transactions are recorded on a cryptographically secured ledger or any similar technology or system.

Cryptocurrency ATM. Any stand-alone machine, kiosk, ATM device, or similar equipment that is capable of accepting or dispensing legal tender in exchange for virtual currency.

Amend Section 3.1.6., Zoning Districts, to add subsection D, Accessory Uses, in the CV Commercial Vehicular District. Add Cryptocurrency ATMs as an accessory use in the CV District. Move Development Standards to a newly added subsection E.

Section 3.1.6.D. ACCESSORY USES

- i. Cryptocurrency ATMs

Section 3.1.6.E. DEVELOPMENT STANDARDS

Amend Section 3.1.8., Zoning Districts, to add subsection D, Accessory Uses, in the MX Mixed-Use District. Add Cryptocurrency ATMs as an accessory use in the MX District. Move Development Standards to a newly added subsection E.

Section 3.1.8.D. ACCESSORY USES

- i. Cryptocurrency ATMs

Section 3.1.8.E. DEVELOPMENT STANDARDS

Amend Section 4, Use Standards, to add a new standard:

Section 4.24. Cryptocurrency ATMs. When permitted in the Commercial Vehicular and Mixed-Use Districts only, the following standards shall apply:

1. **Registration and Licensing of Cryptocurrency ATMs.** The operator of any cryptocurrency ATM located within the geographic boundaries of the City of Lathrup Village:
 - a. shall, prior to accepting any transactions via such cryptocurrency ATM, register such machine with the Director of Public Safety or his or her designee, on forms provided by the Department of Public Safety, and shall provide the name and address of the operator, the name and address of the person(s) directly responsible for the maintenance and operation of each cryptocurrency ATM, the physical location of each cryptocurrency ATM, and such other information as may be required by the Director of Public Safety;
 - b. shall, prior to accepting any transactions via such cryptocurrency ATM, apply for and obtain a business license issued by the City of Lathrup Village and continually maintain and renew such license while such cryptocurrency ATM is in operation; and
 - c. shall not file any false or misleading information in connection with such registration and license application.

2. **Disclosures and Warnings.** Before entering into any transaction with a customer, the operator of a cryptocurrency ATM shall disclose to the customer in a clear, conspicuous, legible, and easily readable manner, at least the following information and warnings:
 - a. All relevant terms and conditions of the transaction, including the amount of the transaction, the type or category of cryptocurrency, and the timing of any settlement of the transaction;
 - b. the amount of any and all fees related to the transaction to be paid by the customer;
 - c. a warning that the transaction is final, that the amount of the transaction of any related fees are not refundable, and that the transaction may not be reversed;
 - d. a consumer fraud warning that a customer should never initiate a transaction involving sending money to a person or entity that they do not know or trust; and;
 - e. the telephone number of the customer service helpline required under this Ordinance, and a request that the customer contact the helpline immediately upon suspicion of any fraudulent activity related to the cryptocurrency machine or any transaction related to such machine.
3. **Customer Service Helpline.** The operator of each cryptocurrency ATM shall maintain, on a continuous basis, while any cryptocurrency ATM is capable of processing transactions, a customer service helpline staffed by trained and responsible natural persons employed by or on behalf of the operator.
4. **Receipts.** In connection with any transaction processed at a cryptocurrency ATM, the machine must produce a written receipt containing, at minimum, the name of the customer, the amount of the transaction and any related fees, the time and date of the transaction, the name and contact information for the operator of the cryptocurrency ATM, and the telephone number of the customer service helpline required under this Ordinance.
5. **Certain Transactions with New Customers.** For any transaction with a new customer, within the first 14 days of an initial transaction:
 - a. the operator of a cryptocurrency ATM shall not process any transaction(s) greater than One Thousand Dollars (\$1,000.00) during any twenty-four (24) hour period, nor more than Five Thousand Dollars (\$5,000.00) during the fourteen (14) days that such customer qualifies as a new customer, and
 - b. in connection with the first transaction with a new customer, if such first transaction is in an amount exceeding Five Hundred Dollars (\$500.00), a verbal confirmation from the customer must be secured by a live telephone or video call between the customer and a trained natural person employed by or on behalf of the operator of the cryptocurrency ATM.
6. **Penalties.** Any violation of the provisions of this Ordinance shall be deemed a civil infraction, and upon a finding of responsibility shall be punished by a fine not exceeding Five Hundred Dollars (\$500.00) for each violation. Each day on which a violation of the provisions of this Ordinance continues without remedy shall be deemed a separate violation of this Ordinance.