

Austin Colson

From: Michael Zang
Sent: Friday, October 17, 2025 10:40 AM
To: Austin Colson; Scott McKee
Subject: RE: Request for Review – Proposed Ordinance on Cryptocurrency/Bitcoin ATMs

Austin,

I appreciate you reaching out for our input on this.

We definitely have concerns about scams and cryptocurrency ATM machines. Just this past week we took a report from a resident who is a victim of a scam and sent over \$60,000 in cash as cryptocurrency to a scammer. Like Waterford PD mentioned, most of these cases result in a total loss to the victims who are often elderly. We are in the process of investigating that case I mentioned, but these suspects move cryptocurrency so quickly to different wallets, then eventually move it to a dormant wallet, which is completely irreversible and offline.

While I understand the legality issues and not being able to ban it outright, would there be a daily limit per user we can impose on these ATMs by ordinance? Creating the limit would help mitigate some losses especially from the elderly. Additionally, could we impose a secondary approval from the store owner for larger transaction amounts? I realize this may bring some unwanted liability to the store owner, but this could maybe help in having another person's opinion on the transaction. I would say at a minimum the mandatory signage at every ATM is extremely important.

If you have any additional questions, please let me know.



Michael Zang
Detective Lieutenant
Lathrup Village Police Department
248-663-6031
248-569-2529 - Fax



LATHRUP VILLAGE POLICE DEPARTMENT

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From: Austin Colson <acolson@lathrupvillage.org>
Sent: Wednesday, October 15, 2025 4:15 PM
To: Scott McKee <smckee@lathrupvillage.org>; Michael Zang <mzang@lathrupvillage.org>
Subject: Request for Review – Proposed Ordinance on Cryptocurrency/Bitcoin ATMs

Hey guys,

The Planning Commission has been considering an ordinance regarding the regulation of Crypto/Bitcoin ATMs in the community, they have asked for your review and input.

National and local agencies report increasing fraud schemes using crypto ATMs, often targeting older residents. Because transactions are nearly anonymous and difficult to reverse, victims are frequently directed by scammers to deposit cash into these kiosks with little transparency or recourse. We're exploring standards to reduce harm and improve traceability.

Key elements under consideration:

- **Registration:** Require all crypto/Bitcoin ATMs operating in the City to register with the police department.
- **Consumer Warnings:** Mandate a highly visible fraud warning label/sign on front of each machine, plus disclosure of fees.
- **Location Limits:** Allow installations only within the Vehicular (CV) district along Southfield Road (and potentially MX), rather than broadly across commercial areas.

The Planning Commission is also discussing an outright ban within our commercial districts. Our City Attorney, Scott Baker, has advised that being the first community to adopt a total ban could expose the City to legal challenge to reinstate the right to install these machines.

Could you both please review the attached draft and provide any operational, enforcement, or public-safety recommendations—particularly regarding:

- The practicality of the registration process and what information DPS would need;
- Warning label content/placement that would most effectively deter scams;
- Any additional standards that would help protect vulnerable residents;

The Planning Commission asked specifically for your input on both the ordinance approach and the language before it advances. If feasible, a brief written response or redlines ahead of our next meeting would be greatly appreciated.

Austin Colson

Community & Economic Development/DDA Director
City of Lathrup Village
(248) 639-8530