ANN ARBOR CITY APPROVAL NOTICE

ORDINANCE NO. ORD-26-30

CHAPTER 83
(VIRTUAL CURRENCY KIOSKS)

AN ORDINANCE TO ADD CHAPTER 83 (VIRTUAL CURRENCY KIOSKS) TO TITLE VII (BUSINESSES AND TRADES) OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Chapter 83 (Virtual Currency Kiosks) of Title VII (Businesses and Trades) of the Code of the City of Ann Arbor be added as follows:

7:120. Purpose and Findings.

(1) The operation of virtual currency kiosks, also known as "cryptocurrency kiosks" or "bitcoin kiosks" allow users to exchange cash and cryptocurrency, offering a quick and often anonymous way to convert cash into digital assets.
(2) Criminals direct victims to send funds via virtual currency kiosks, often impersonating government officials or businesses, to convince these victims that they must address an urgent financial matter, directing them to put large cash sums into a kiosk, which is then transferred to a digital wallet controlled by the criminal.
(3) Virtual currency kiosk transactions are irreversible, difficult to trace, and unprotected by government insurance.
(4) The Federal Bureau of Investigation reports an increase in the use of these kiosks to perpetrate fraudulent activity, reporting 13,460 complaints and $389 million in losses in 2025 (Federal Bureau of Investigation, IC3 Internet Crime Report, 2025, at p. 53).
(5) More than half of the FBI's reported complaints involved individuals over 50 years of age, with losses over $302 million in 2025 (Id).
(6) Virtual currency kiosks have increasingly facilitated elder fraud, especially among tech/customer support scams, government impersonation, confidence/romance scams, emergency/person-in-need scams, and lottery/sweepstakes scams. (FBI, IC3, "2023 Elder Fraud Report" at p. 16.)
(7) Currently in Michigan there is little oversight on the operation of virtual currency kiosks.
(8) Blockchain analytics requirements, signage and electronic notice requirements, daily transaction limits, and other consumer protections for the ownership and operation of virtual currency kiosks are necessary to protect the public health and safety of residents and to combat fraudulent transactions.
(9) The purpose of this Chapter is to promote public health, safety and welfare by licensing and regulating virtual currency kiosks within the city, pursuant to the city's police powers.
(10) This Chapter is enacted as a general regulatory and business licensing ordinance pursuant to the city's inherent policy powers. Nothing in this Chapter is intended to regulate the specific use of land, nor shall any license issued hereunder be construed as a zoning compliance permit or a land use variance.

7:121 Definitions. The following terms and phrases shall have the meanings given below:

(1) *Blockchain analytics* means a software service that uses data from various virtual currencies and applicable blockchains or public distributed ledgers, including associated transaction

information to provide a risk rating specific to a virtual wallet address from a user of a virtual currency kiosk.

(2) *Fees* means both the fees or expenses paid by the user, and also the difference between the market price of the virtual currency and the price of the virtual currency charged to the user.

(3) *Fiat currency* means a medium of exchange that is authorized or adopted by the United States government as part of the government's currency and is not backed by a commodity.

(4) *New user* means an individual who has not previously conducted a transaction using a virtual currency kiosk operated by the same virtual currency kiosk operator. A user is considered a "new user" for thirty (30) days from the first use.

(5) *User* means any individual or entity that initiates, authorizes, or completes a transaction involving virtual currency through a virtual currency kiosk, whether for the purpose of purchasing, selling, transferring, or otherwise exchanging virtual currency.

(6) *Virtual currency* means a natively electronic asset that confers economic, proprietary, or access rights or powers and is recorded using cryptographically secured distributed ledger technology, or any similar analogue. Virtual currency includes, but is not limited to, all of the following:

(*a*) A digital unit of exchange that has a centralized repository or administrator.

(*b*) A digital unit of exchange that is decentralized and has no centralized repository or administrator.

(*c*) A digital unit of exchange that may be created or obtained by computing or manufacturing effort.

Virtual currency does not include either of the following:

(*d*) A digital unit of exchange that is used solely within an online gaming platform with no market or application outside of the gaming platform.

(*e*) A digital unit of exchange that is used exclusively as part of a consumer affinity or rewards program, and can be applied solely as payment for a purchase with the issuer or other designated merchant but cannot be converted into or redeemed for fiat currency.

(7) *Virtual currency address* means an alphanumeric identifier associated with a virtual currency wallet identifying the location to which a virtual currency transaction can be sent. *Virtual currency wallet* means a software application or other mechanism that enables an individual to store, use and transfer virtual currency.

(8) *Virtual currency kiosk* means an electronic terminal or retail location that enables a person to exchange fiat currency for virtual currency or virtual currency for fiat currency or other virtual currency, including by connecting to a separate virtual currency exchange or drawing on the virtual currency in the possession of the operation of the electronic terminal.

(9) *Virtual currency kiosk operator* (or "*operator")* means a person that engages in virtual currency business activity via a virtual currency kiosk located in the City of Ann Arbor or a person that owns, operates, or manages a virtual currency kiosk located in the City of Ann Arbor through which virtual currency business activity is offered. This definition applies whether or not the operator owns the kiosks used in transactions.

(10) *Virtual currency kiosk transaction* means a transaction conducted or performed, in whole or in part, by electronic means via a virtual currency kiosk. Virtual currency kiosk transaction also means a transaction made at a virtual currency kiosk to purchase virtual currency with U.S. dollars or to sell virtual currency for U.S. dollars.

7:122. - Registration and Licensing of Virtual Currency Kiosks.

(1) It shall be unlawful to operate a virtual currency kiosk within the City without first obtaining a license therefor. The City Clerk will provide an application form for such license.

(2) A virtual currency kiosk shall only be located on the premises of a business in compliance with all applicable requirements of the Ann Arbor City Code.

(3) The license application will include the name and address of the virtual currency kiosk operator, the name and address of the person(s) directly responsible for the maintenance and operation of each virtual currency kiosk, the physical location of each virtual currency kiosk, and such other information as may be required by the City Clerk's Office;

(4) A license application fee may be required, as established by the City. Until the fee is paid, the City Clerk will not accept an application or deem it complete. Fees shall not be prorated. If a virtual currency kiosk license is denied, no refund shall be provided.

(5) Prior to issuance of a license or renewal, the Chief of Police, or designee, may schedule an inspection of the virtual currency kiosk with the virtual currency kiosk operator, to ensure that operation of the kiosk complies with this ordinance. Refusal to cooperate with an inspection is grounds for denial of an application for, or renewal of, a kiosk license.

7:123. - Non-transferable License.

A virtual currency kiosk license issued under this section is not transferable, separable, or divisible, and the authority conferred shall be conferred only upon the individual and/or entity named on the license. If the location of any licensed virtual currency kiosk changes after issuance of a license, the virtual currency kiosk operator shall provide ten days written notice to the City Clerk. Upon receipt of such notice, the City will determine whether the new location is in compliance with all laws, codes, regulations, and ordinances.

7:124. - License Period.

(1) Every virtual currency kiosk license issued by the City Clerk shall be for a period of one full year commencing on the date of issuance and thereafter commencing on May 1 each subsequent renewal year. Renewal notices will be mailed or e-mailed to all licensed virtual currency kiosk operators by the City Clerk in January of the year in which the license will expire. The virtual currency kiosk operator must enclose payment with the properly and fully completed renewal forms and submit all required information to the City Clerk by April 1 in order to ensure continuing operation after April 30 of the year in which the license will expire. A late fee established by city council may be imposed for renewal applications submitted after April 1. Virtual currency kiosk license renewals may be accomplished by mail or online unless the City Clerk notifies the license holder in writing that renewal must be done in person. Virtual currency kiosk license holders that renew more than seven days late will be assessed a 10% penalty on the total cost of the license. A new license application is required for any virtual currency kiosk operator who fails to renew the virtual currency kiosk license within 60 days of the expiration date.

(2) An application for renewal will not be considered a renewal if the ownership and/or operation of the virtual currency kiosk has changed since the preceding license or renewal was approved. Instead, such an application will be reviewed as an original application for a virtual currency kiosk license.

7:125. - Initial License.

(1) After the effective date of this section, for existing virtual currency kiosks within the city, the virtual currency kiosk operator shall obtain the required virtual currency kiosk license by April 30, 2028 in order to continue owning and/or operating a virtual currency kiosk within the city. Existing virtual currency kiosk operators that fail to comply with this licensing requirement shall cease operations of any virtual currency kiosk(s) within the city on April 30, 2028 until a virtual currency kiosk license is issued by the City Clerk. New virtual currency kiosk operator(s) shall not own and/or operate a virtual currency kiosk within the city until a virtual currency kiosk license has been issued to the virtual currency kiosk operator.

(2) Any initial license issued to the virtual currency kiosk operator within six months of May 1 of the next upcoming year shall be valid until May 1 of the year following thereafter.

7:126 - Disclosure of Risks of Virtual Currency – Initial Transaction.

Before entering an initial transaction for, on behalf of, or with an individual, a virtual currency kiosk operator shall disclose in a clear, conspicuous, and legible manner all material risks associated with the operator's products, services, and activities and virtual currency generally, including all of the following information:

(1) Virtual currency is not legal tender, is not backed by the United States government, and accounts and value balances are not subject to protections that are received by a federal deposit insurance corporation or securities investor protection corporation.

(2) Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of virtual currency.

(3) Transactions in virtual currency may be irreversible and losses due to fraudulent or accidental transactions may not be recoverable.

(4) Some virtual currency kiosk transactions are considered made when recorded on a public ledger, which may not be the date or time the individual initiates the transaction.

(5) The value of virtual currency may be derived from the continued willingness of market participants to exchange fiat currency for virtual currency, which may result in the permanent and total loss of a particular virtual currency's value if the market for the virtual currency disappears.

(6) A person that accepts virtual currency as payment today is not required to accept virtual currency as payment in the future.

(7) The volatility and unpredictability of the price of virtual currency relative to fiat currency may result in significant loss over a short period of time.

(8) The nature of virtual currency may lead to an increased risk of fraud or cyber-attack.

(9) The nature of virtual currency means that any technological difficulties experienced by the virtual currency kiosk operator may prevent the access to or use of an individual's virtual currency.

(10) Any bond or trust account maintained by the virtual currency kiosk operator for the benefit of an individual may not cover all losses an individual incurs.

7:127. - Disclosure of Virtual Currency Kiosk Operator’s Terms and Conditions of Use – Initial Transaction.

Before entering an initial transaction for, on behalf of, or with an individual, a virtual currency kiosk operator shall disclose in a clear, conspicuous, and legible manner all relevant terms and conditions associated with the operator's products, services, and activities and virtual currency generally, including all of the following:

(1) The individual's liability for an unauthorized virtual currency kiosk transaction.

(2) The circumstances in which the virtual currency kiosk operator will disclose an individual's account information to a third party without a court or government order.

(3) The individual's right to receive periodic account statements and valuations from the virtual currency kiosk operator.

(4) The individual's right to receive a receipt, trade ticket, or other evidence of a virtual currency kiosk transaction.

(5) The customer's right to prior notice of a change in the virtual currency kiosk operator's rules or policies.

(6) Any other disclosures customarily provided when an individual opens a registration account.

7:128 - Warning Prior to Each Transaction.

Before entering any transaction for, on behalf of, or with an individual, a virtual currency kiosk operator shall disclose on the screen a warning to the individual, substantially similar to the following statement:

*WARNING: this technology can be used to defraud you. *

"Customer Notice. Please Read Carefully.

Did you receive a phone call from your bank, software provider, the police, or were you directed to make a payment for social security, utility bill, investment, warrants, or bail money at this kiosk?

STOP THIS TRANSACTION IMMEDIATELY and contact your local law enforcement and the virtual currency kiosk operator. This may be a scam.

NEVER SEND MONEY to someone you don't know.

Is anyone on the phone pressuring you to make a payment of any kind?

STOP THIS TRANSACTION IMMEDIATELY and contact your local law enforcement and the virtual currency kiosk operator. This may be a scam.

NEVER SEND MONEY to someone you don't know.

I understand that the purchase and sale of virtual currency is a final irreversible and non-refundable transaction. I confirm I am sending funds to a wallet I own or directly have control over. I confirm that I am using funds gained from my own initiative to make my transaction.

7:129. - Posted Warning.

Any person or business operating, or providing access to a functioning virtual currency kiosk kiosk on its premises shall post a written warning in the form of a sign within readable sight of kiosk providing notice to customers and users of the potential fraud or scam risks associated with utilizing the kiosk, and any relevant state and local law enforcement and or government agency contact information for reporting fraud, including the name, address, and telephone number of the virtual currency kiosk operator and the days, time, means by which a user can contact the operator for assistance.

7:130. - Physical Receipt Required After Completing Transaction.

After completing a virtual currency kiosk transaction, a virtual currency kiosk operator shall provide the individual using the virtual currency kiosk a physical receipt and a virtual receipt sent to the individual's telephone number, that contains all of the following information:

(1) The virtual currency kiosk operator's name and contact information, including a telephone number to answer questions and register complaints.

(2) The type, value, date, and precise time of the transaction in the local time zone.

(3) The fee charged.

(4) The exchange rate.

(5) A statement of the virtual currency kiosk operator's liability for no delivery or delayed delivery.

(6) A statement of the virtual currency kiosk operator's refund policy.

7:131. - Supervision of Premises.

A business containing a virtual currency kiosk shall have the premises supervised at all times by the virtual currency kiosk operator, operator's agent, or operator's employee when open for business. Supervision means the physical presence of a person on the premises.

7:132. - Photo Identification.

Prior to entering into any transaction with any customer, the virtual currency kiosk operator shall ensure that the virtual currency kiosk requires the customer to furnish government issued photo identification.

7:133. - Live, Toll-Free Customer Service.

A virtual currency kiosk operator shall provide live, toll-free customer service by telephone during virtual currency kiosk operating hours. A virtual currency kiosk operator must display the customer service toll-free telephone number on the exterior of the virtual currency kiosk or on the screen of the virtual currency kiosk.

7:134. - Written Anti-Fraud Policy.

A virtual currency kiosk operator shall take reasonable measures to detect and prevent fraud, including establishing and maintaining a written anti-fraud policy. Reasonable measures means good-faith efforts and procedures implemented by a virtual currency kiosk operator to identify, prevent, and respond to fraudulent or suspicious transactions and ensure the operator's compliance with this ordinance, including, but not limited to, by use of transaction monitoring, user verification procedures, and transaction delays. A written anti-fraud policy must, at a minimum, include all of the following:

(1) The identification and assessment of fraud related risk areas.

(2) Procedures and controls to protect against identified risks.

(3) Allocation of responsibility for monitoring risks.

(4) Procedures for the periodic evaluation and revision of the anti-fraud procedures, controls, and monitoring mechanisms.

7:135. - Blockchain Analytics.

(a) A virtual currency kiosk operator shall use blockchain analytics to assist the operator in preventing purchased virtual currency from being sent to a virtual wallet that is known to be affiliated with fraudulent activity at the time of a virtual currency kiosk transaction.

(b) The City may request from a virtual currency kiosk operator, evidence of the operator's current use of blockchain analytics. The City will not request and the operator will not provide any information inconsistent with federal regulations, including but not limited to the Bank Secrecy Act's Suspicious Activity Report non-disclosure provisions, codified at 31 C.F.R. §

1022.320.

7:136. - Transaction Amount Limits.

(1) A virtual currency kiosk operator shall not process transactions greater than $1,000 in U.S. dollars or the equivalent in virtual currency during any 24-hour period. In addition, the transaction limit shall not exceed $10,000 in U.S. dollars or the equivalent in virtual currency in any thirty (30) day period.

(2) For any transaction with a new user, the virtual currency kiosk operator shall not process any transaction greater than $500 U.S. dollars or the equivalent in virtual currency during any 24-hour period.

(3) The requirements established in this ordinance shall apply to all products offered by entities offered by a virtual currency kiosk operator. The use of alternative products, including online purchasing or over-the-counter platforms, shall not be employed to circumvent or exceed the prescribed limits.

7:137. - Law Enforcement Access to Investigative Information.

(1) All virtual currency kiosk operators performing business shall provide a dedicated communications line for relevant government agencies via a posted United States phone number or email address. This dedicated line shall be used to facilitate law enforcement and regulatory agency communications with the virtual currency kiosk operator in the event of a fraud report from a user. The communications line shall be frequently monitored.

(2) The virtual currency kiosk operator shall ensure that the kiosk maintains a daily log of transactions that includes the name of the customer, the amount of the transaction and any related fees, and the time and date of the transaction, for all transactions occurring in a 24-hour period. The log will be maintained for a period of 90 days.

7:138. - Enforcement.

(1) The Police Chief, or designee, shall at all reasonable hours, have the right to enter the premises where the virtual currency kiosk is located, with approval of the virtual currency kiosk operator or after obtaining an administrative search warrant from a court of competent jurisdiction if necessary, to inspect the virtual currency kiosk for the purpose of enforcement of this ordinance. Normal business hours shall be assumed to be reasonable hours.

(2) The Police Chief, or designee, may request evidence that demonstrates a virtual kiosk operator’s compliance with this act as reasonably necessary or appropriate to administer and enforce this ordinance.

7:139. - Denial, Suspension, and Revocation of Virtual Currency Kiosk License.

(1) When the City Clerk believes that cause exists to deny, suspend, or revoke a virtual currency kiosk license, the City Clerk shall provide written notice to the virtual currency kiosk operator. The notice shall explain the nature of the cause and indicate that the individual/entity must submit written documentation within 14 days of the date the notice is sent to show cause why the virtual currency machine license should not be denied, suspended, or revoked. The notice shall be sent by first class mail to the individual/entity at its last known address. The notice will be deemed to be sent when mailed, whether actually received or not. If the

individual/entity does not submit any written documentation to show cause why the virtual currency kiosk license should not be denied, suspended, or revoked, the City Clerk shall issue a formal notice, within five days after the 14 day show cause period has expired, indicating the virtual currency kiosk license is denied, suspended, or revoked if such outcome remains warranted under the circumstances in the determination of the City Clerk. The notice shall advise the individual/entity of its right to appeal to the City Administrator, or designee, by filing a written request to appeal with the City Clerk's office within 14 days of the date the notice was deposited in the mail.

(2) If submitted by the virtual currency kiosk operator as set forth in division (a), the City Clerk shall review any written show cause documentation within 14 days of receipt, or as soon thereafter as circumstances allow.

(3) Within five days of reviewing the written documentation from the virtual currency kiosk operator, or as soon thereafter as circumstances allow, the City Clerk shall render a decision approving, denying, suspending, revoking, or affirming the virtual currency kiosk license. The City Clerk shall immediately notify the individual/entity of the decision in writing by first class mail. If the decision is to deny, suspend, or revoke the virtual currency kiosk license, the City Clerk shall also notify the individual/entity of its right to appeal the decision to the City Administrator, or designee, by filing a written request to appeal with the City Clerk's office within 14 days of the date the notice was deposited in the mail. If so appealed, the virtual currency kiosk operator will be permitted an evidentiary hearing with the City Administrator, or designee.

(4) If the virtual currency kiosk operator's application for a virtual currency kiosk license is denied, or if the virtual currency kiosk license is suspended or revoked, in accordance with a decision of the City Clerk that the individual/entity does not appeal within the time provided, a virtual currency kiosk shall not be maintained unless and until the virtual currency kiosk license is restored or issued.

(5) For purposes of this section, suspension of a virtual currency kiosk license may be indefinite pending remediation of a condition that warranted the suspension. The City Clerk may impose remediation deadlines, the expiration of which may be tolled for good faith progress or circumstances beyond the virtual currency kiosk operator's control, or which may result in revocation of the virtual currency kiosk license.

7:140. - Determination of Cause.

(1) The term CAUSE, as used in this section, means and includes the following acts, omission, or events when done, not done, or caused by a license holder, a license holder's officers or principal employees, or a license holder's employees when acting within the scope of their employment pursuant to their supervisor's direction.

(2) The doing or omitting of any act or permitting any condition to exist in connection with any virtual currency kiosk for which a license is issued under the provisions of this section, which act, omission, or condition is injurious to the health, safety, or welfare of the public; is unlawful or fraudulent; is unauthorized or beyond the scope of the license granted; or is forbidden by the provisions of the City Code or rule or regulation of the city, or any state or federal law, applicable to the virtual currency kiosk for which the license was issued.

(3) The conviction of the license holder for any crime involving moral turpitude.

(4) Fraud, misrepresentation, or any false statement made in the application for any license issued under the provisions of this section.

(5) Maintaining or operating a virtual currency kiosk in an unlawful manner or in such a manner as to constitute a breach of the peace or to constitute a menace to the health, safety, or welfare of the public.

(6) Failure or inability of a license holder to meet and satisfy the requirements and provisions of this section, every ordinance of the city, and every requirement of state and federal law.

(7) Failure to pay any obligation owed to the city.

7:141. - Penalty.

Any violation of the provisions of this chapter shall be deemed a municipal civil infraction and shall be punishable by a fine of $500. Each day on which a violation continues without remedy shall be deemed a separate violation of this article. Penalties imposed under this section are in addition to, and not in lieu of, any civil, administrative, or criminal remedies available under federal, state, or local law.

7:142. – Reports.

The City Administrator, or designee, will report annually to city council the number of active city licenses for virtual currency kiosks and the number of reports of crimes committed through use of a virtual currency kiosk within the city during the preceding year. These reports will be used, in part, to assess over time the efficacy of these regulations in thwarting the use of virtual currency kiosks for criminal activity in the city.

Section 2. Severability.

The various sections and provisions of this ordinance shall be deemed to be severable and should any section or provision of this ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid, the same shall not affect the validity of this ordinance as a whole or any section or provision of this ordinance other than the section or provision so declared to be unconstitutional or invalid.

Section 3. This ordinance shall take effect six months after the date of adoption.

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor, Michigan, at its regular session of November 5, 2026

Jacqueline Beaudry, Ann Arbor City Clerk
Christopher Taylor, Mayor of the City of Ann Arbor

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