

Item 25-0074: Request to approve authorization to open dedicated bank account for Cryptocurrency seizure returns

Finance Committee

Mon, Feb 10, 2025 5:30PM

Alderman Brad Firkus (District 3) 21:53

The next item is 25-0074, request to approve authorization to open dedicated bank account for cryptocurrency seizure returns.

Alderman Denise Fenton (District 6) 22:02

Move to approve.

Alderman Sheri Hartzheim (District 13) 22:03

Second.

Alderman Brad Firkus (District 3) 22:04

All right, we have a motion and second. Lieutenant VanZeeland, would you mind just kind of giving us a—the memo was very good and very informative, but just since you, you made the trip down here. So, if you would like to kind of give us a little bit of background on this kind 'cause this is kind of an interesting one.

Lieutenant Adam VanZeeland (Police) 22:19

Yes, I grabbed District Four's microphone here. So, yeah. So, we've encountered—it's kind of the new age of crime, unfortunately, is that we've been seeing an uptick in crime featuring crypto currencies. Most are mainly Bitcoin. The main crime right now is that they're kind of doing the same steps that they have been to victimize a lot of people, where they'll get them to—they'll kind of cold call everyone, and then some people will jump on. What they do is they have them go to a Bitcoin ATM, which there's several throughout the city. A lot of them are located in gas stations. And they're putting in thousands and thousands of dollars. They provide the key to the scammer, and ultimately, they're defraud that money. And these are, I mean, just huge that, like I said, tens of thousands sometimes hundreds of thousands of dollars.

Lieutenant Adam VanZeeland (Police) 23:06

What ended up happening is we have—Detective Mike Medina, has been working very well, and has some extra training on it, and we've actually made some seizures of cryptocurrency. And he actually has the first seizure in Outagamie County for it. So that's made its way through court. And ultimately, what happened is we got to the point where we could return some of the cryptocurrency to the victim. She came down to the station, and it was kind of unique. So, I went out there and asked, "Do you know what cryptocurrency is?" And her answer was "No."

Lieutenant Adam VanZeeland (Police) 23:34

So, then it was, how do we get her this back? And essentially, the way that this crypto comes back is we have it on a USB, which is on a cold storage essentially. It's logged into evidence as a USB and that's where it's kept and we're able to keep track of that.

Lieutenant Adam VanZeeland (Police) 23:48

The reason for the request is she has no means, and I think it's probably going to be the case going down the road. A lot of people that are victimized of this don't have a firm understanding, or at least some of them, and

she doesn't have the means to have a digital crypto wallet, so even if we gave her that USB with it, it's really nothing to her. So we're looking to open up—Coinbase US, or the US version of it, has a law enforcement portal, and it would allow us to have an account there, and at the request of the victim, if they wanted the money returned to them in US dollars, we could then transfer that cryptocurrency through the exchange, and we'd be able to then, with the bank account, write them a check for the dollar amount that it is. If that makes sense.

Alderman Brad Firkus (District 3) 24:33

To me, yes. Anyone have—Alder Hartzheim.

Alderman Sheri Hartzheim (District 13) 24:36

It does make sense to me as well. But my concern is at what point in time is this exchanged? Is it just randomly? Because you know that cryptocurrency can change values very quickly.

Lieutenant Adam VanZeeland (Police) 24:48

Absolutely. And yes, during the holding time of this one that there was significant change in it, and so that's what we had talked about. And we're not necessarily at the point yet, but we're thinking about having a form in which the person would sign it, in which they would also agree to any sort of fees that they would have for the transfer, as well as at the time that the seizure can be turned over via court order or whatever the decision is, we would then contact them, and the day in which that they sign it, we would then immediately go into the exchange, whatever that current rate is, and it would be transferred over. And we'd have documentation to make sure that they'd have that same—

Alderman Sheri Hartzheim (District 13) 25:19

As long as there's no risk that Appleton or APD is sued later for, hey, you should have exchanged that a day earlier or a day later, and I would have had more money.

Lieutenant Adam VanZeeland (Police) 25:30

And I think, yes, the court orders—because we can't return it back until the court order's there. I think that's going to give us that time frame for when it was.

Alderman Sheri Hartzheim (District 13) 25:37

Excellent. Thank you.

Alderman Brad Firkus (District 3) 25:38

All right. Anyone else? Alder van Zeeland.

Alderman Katie Van Zeeland (District 5) 25:41

So, along the lines of what Alder Hartzheim was saying, what if somebody says, "I'd like to take that money, but, you know, Bitcoin's down right now. Let's let you hold on to it for a while." We obviously would have some sort of agreement in a certain amount of time they would have to—

Lieutenant Adam VanZeeland (Police) 25:59

I think once we have contact with the person, it's either going to be, "Do you want this in USD?" in which we would transfer, or we would then give them their USB with that dollar amount at that point. And so, what we're holding right now, the cryptocurrency in Bitcoin or whatever crypto or digital form it is, would be then given to them, so they would be in charge of that. So, I think it kind of goes under the same lines of our documentation of when it was turned over to them. I think is going to prevent any of that from happening.

Aldersperson Katie Van Zeeland (District 5) 26:27

Okay.

Lieutenant Adam VanZeeland (Police) 26:27

Because that's—there is some huge fluctuations in that.

Aldersperson Katie Van Zeeland (District 5) 26:30

Thank you.

Aldersperson Brad Firkus (District 3) 26:31

All right. Anyone else? All right, seeing none, we'll go ahead and vote. All those in favor? Aye. Opposed? Abstentions? That passes five to zero.