



City of Arts & Innovation

Public Safety Committee Memorandum

TO: PUBLIC SAFETY COMMITTEE MEMBERS **DATE: July 17, 2019**

FROM: CITY ATTORNEY **WARD: ALL**

SUBJECT: CONSIDERATION FOR WHETHER TO RECOMMEND THAT THE CITY COUNCIL REPEAL RMC CHAPTER 9.70 PROHIBITING ECOATM MACHINES OR ANY SIMILAR DEVICE OR MACHINE WHICH BUYS BACK PERSONAL ELECTRONIC DEVICES

ISSUE:

The issue for consideration by the Public Safety Committee is whether to recommend that the Council repeal RMC Chapter 9.70 prohibiting ecoATM machines and any similar device or machine which buys back personal electronic devices to prevent the availability of quick cash in exchange for stolen cell phones.

RECOMMENDATION:

That the Public Safety Committee consider and provide direction to the City Attorney as to whether to draft an ordinance for City Council consideration to repeal RMC Chapter 9.70.

BACKGROUND:

What Are ecoATM Machines?

EcoATM is a kiosk machine that allows people to sell their cell phones, mp3 players, and tablets in exchange for a cash distribution. The kiosk prices each individual device based on model, condition and the current value on the market. If the patron agrees to sell the device, he or she will receive cash on the spot.

The process is as follows:

- The kiosk walks users through several screen prompts to ascertain identity, phone model, and condition;
- It then outputs a QR code label users must affix to their phones, which they then connect to a power jack;
- The phone is inserted into the kiosk and the machine works to verify its condition in order to assign a value;

- Users are then prompted to scan their driver's license and thumbprint, which are recorded in ecoATM's database;
- A camera takes a photograph, which is remotely transmitted to a live online employee who manually verifies that the person using the machine matches the photo on the driver's license scan; and
- Finally, the ecoATM kiosk presents a cash offer for the phone, and users can elect to accept the payout or decline and receive their phones back.

City Ban on ecoATM Kiosks

In 2013, the City of Riverside banned ecoATM machines. RMC Section 9.70.040 states the following: "EcoATM machines and other similar devices or machines are prohibited in the City of Riverside. No person shall locate, operate, own, suffer, allow to be operated or aide, abet or assist in the operation of any EcoATM machine or other similar device or machine within the City."

Back in 2013, the City Council considered the following information based upon its understanding of the then-existing technology and procedures in place for ecoATM:

- ecoATM did not employ facial recognition software to match the consumer's government issued ID with the photograph taken on the day of the transaction;
- ecoATM did not have the ability to match the consumer's fingerprints with a valid government issued ID;
- There was no security device that could catch thieves who use third parties or "middlemen" to complete the transaction;
- ecoATM could not log a device's serial number to check for and return stolen phones if a thief made the number unreadable;
- ecoATM did not notice a device was stolen if the thief took the phone from one area and sold it in another because the ecoATM machine only verified the serial number of the phone against the local law enforcement database; and
- There had been a reported marked increase in theft of personal electronic devices in cities permitting ecoATM machines.

Operation of ecoATM Kiosks in 2019

Since 2013, ecoATM has established security features designed to deter the sale of stolen devices and provide assistance to law enforcement. The following processes are currently in place:

- Live Validation: While the ID is being verified for authenticity, the machine scans and captures photos of the ID. Using the kiosk's three built-in high definition webcams, the remote attendant compares the photo ID with the user's face in real-time to confirm their identity. The transaction is denied if (1) the seller is under the age of 18; (2) the ID is expired; (3) the photo on the ID does not match the seller's captured photograph; (4) the

consumer is not in camera view; (5) the camera is blocked; or (6) the face does not match the ID. Kiosks have biometric devices to capture a valid thumbprint.

- Screens Phones for Kill Switches: A “kill switch” allows the cell phone owner to remotely “brick” and remove information from their phone when lost or stolen. ecoATM rejects the transaction of any phone with an active “kill switch” unless the user is able to deactivate it.
- Device Security Check: The kiosk checks the phone’s serial ID number to determine if the device has been reported as stolen. This is done through CheckMEND, a company that compiles a comprehensive database of stolen devices based upon information from phone carriers, local law enforcement, and the FBI.
- Law Enforcement Cooperation: ecoATM has implemented specific practices to assist law enforcement: (1) ecoATM will open the kiosk door remotely for law enforcement personnel who need access to a device inside the kiosk; (2) ecoATM will respond to any law enforcement request to research and/or return reported stolen devices that may have been collected by the kiosk; (3) ecoATM holds all inventory collected for a minimum of 30 days; (4) ecoATM works with law enforcement to implement a "do not buy" list that bans individuals from utilizing a kiosk; (5) ecoATM does not require a warrant or subpoena to provide a device to law enforcement; (6) ecoATM will check a device’s serial number to determine if a specific device was received at a kiosk; and (7) ecoATM partners with LeadsOnline to offer officers access to ecoATM kiosk transaction reports without charge.

Public Safety Committee Chair Perry met with representatives from ecoATM and toured their corporate headquarters in San Diego. He will be prepared to address his findings with the Committee.

FISCAL IMPACT:

There is no fiscal impact associated with the preparation and submittal of this report.

Prepared by: Gary G. Geuss, City Attorney
Approved as to form: Gary G. Geuss, City Attorney