



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 20, 2021**

FROM: RIVERSIDE POLICE DEPARTMENT **WARDS: ALL WARDS**

SUBJECT: ADOPTION OF AN ORDINANCE OF THE CITY OF RIVERSIDE, CALIFORNIA, ADDING CHAPTER 5.90 TO THE RIVERSIDE MUNICIPAL CODE TO REGULATE PAWN SHOPS AND SECONDHAND DEALER ESTABLISHMENTS.

ISSUE:

Adoption of an ordinance adding Chapter 5.90 to the Riverside Municipal Code to clarify and define certain terms and to establish requirements related to the pawn shops and secondhand dealer establishments that operate within the City of Riverside.

RECOMMENDATION:

That the City Council adopt an ordinance adding Chapter 5.90 to the Riverside Municipal Code to establish requirements related to the pawn shops and secondhand dealer establishments.

BACKGROUND:

Currently, Chapter 19.355 of the Riverside Municipal Code (RMC) establishes land use standards for pawn shops and Chapter 19.730 establishes the procedures for minor conditional use permits. The RMC does not currently address the regulation of the operation of pawn shops or second hand dealer establishments. The previous RMC section establishing the permitting procedures and regulations governing pawnbrokers and second hand dealers was repealed due to changes in State Law.

DISCUSSION

Pawnbrokers and secondhand dealers must be licensed and permitted in order to conduct business in the City of Riverside. CA Business & Professions Code 21641 designates the Riverside Police Department, through the Chief of Police, as the licensing authority for Secondhand Dealers. There currently exists no legal mechanism in the RMC to issue those licenses. The purpose of Chapter 5.90 is re-establishing that licensing / permitting process, as well as the regulatory scheme governing pawn shops and secondhand dealer establishments in order to protect public health, safety, and general welfare of the residents of the City of Riverside. Chapter 5.90 is intended to mitigate theft crimes in the City of Riverside by curtailing the dissemination of stolen property and facilitating the recovery of stolen property through the local regulation of businesses engaged in the buying, selling, trading, auctioning,

or taking in pawn of tangible personal property.

Chapter 5.90 will define the terms for the licensing and permitting requirements to regulate pawn shops and secondhand dealer establishments. Chapter 5.90 will require pawn shops and secondhand dealer establishments to be issued and maintain a valid, unexpired, and unrevoked City business tax certificate, a State business license, a minor conditional use permit, and a pawnshop or secondhand dealer establishment permit. The Chief of Police may issue, refuse to issue, and/or revoke such an establishment permit under the conditions set forth in Chapter 5.90.

Chapter 5.90 seeks to mitigate theft crimes which have been exacerbated in recent years, by imposing an affirmative duty on those wishing to engage in the business of a pawnshop or secondhand dealer to report suspected criminal activity occurring at their businesses. It also codifies how, when, and by whom inspections may be conducted in accordance with CA Business and Professions Code Section 21636.1, and CA Finance Code Section 21206. With respect to automated secondhand dealer operations conducted at EcoATM kiosks and similar devices with no human interaction, Chapter 5.90 incorporates by reference the conditions found in RMC Chapter 9.70 specific to those automated machines, in addition to the aspects applicable to all secondhand dealer and pawn businesses.

Chapter 5.90 will allow for a revocation or denial of a pawnshop and secondhand dealer establishment permit at the discretion of the Chief of Police, if the establishment permit holder has acted in a manner contrary to, or has violated, any provision of the RMC or the Business and Professions Code, is acting in a manner that constitutes a public nuisance, or the establishment permit holder or their agents, contractors, or employees have violated any laws in connection with the operation of the establishment or failed to cooperate with the Riverside Police Department.

Finally, adopting Chapter 5.90 will allow a violation of this Chapter to be prosecuted as a misdemeanor or infraction, at the discretion of the City Attorney. In addition, it will allow the City to recover its attorney's fees and costs in abating such nuisance and illegal activity.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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