

**Amending and Repealing of
Charter Ordinance No. 192
(Section 2) and
Charter Ordinance No. 206
(Sections 2, 4 and 5) Pertaining
to Pawnbrokers & Secondhand
Dealers**

Wichita Police Department

May 7, 2019



Background

On April 2, 2019 WPD presented proposed changes to Charter Ordinance 192 and Charter Ordinance 206 Pertaining to Pawnbrokers and Secondhand and Precious Metal Dealers.

The proposed changes would:

- Permit WPD to implement an electronic reporting process for pawnshop, secondhand, and precious metal dealers.
- Establish reporting, holding, and storage requirements for businesses operating kiosks to purchase or recycle electronic devices.

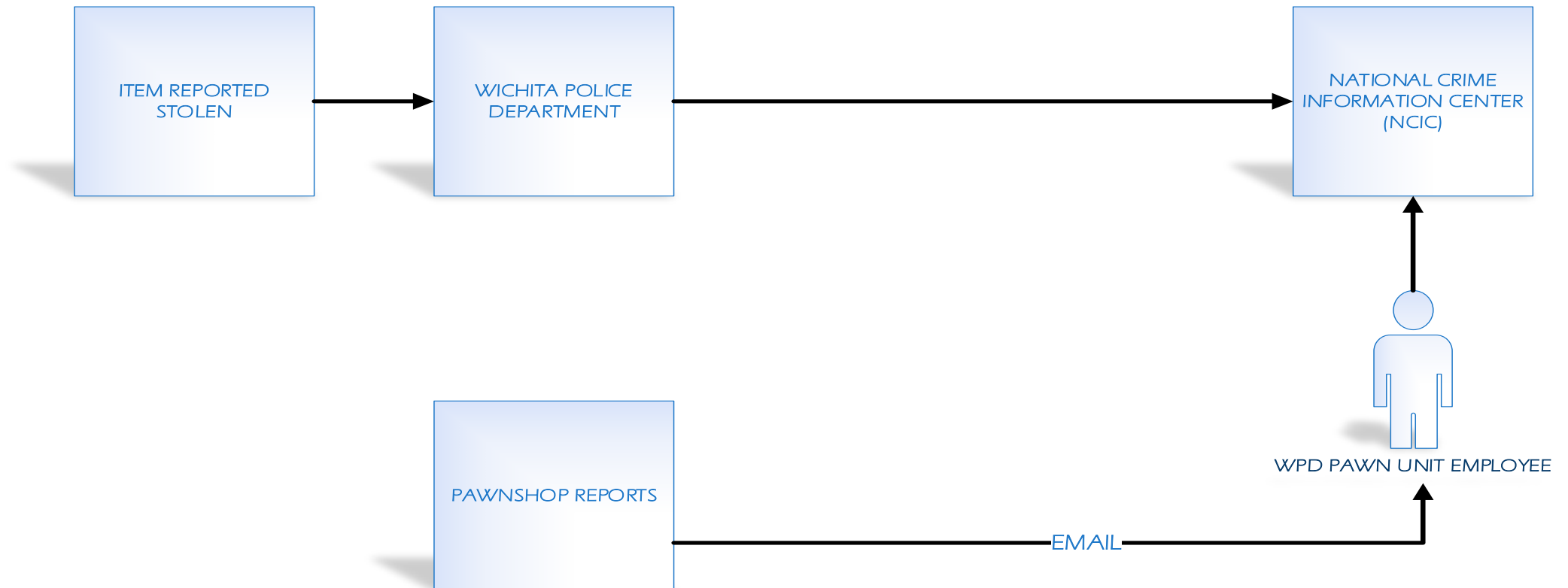
City Council deferred the item to May 7, 2019.

Electronic Reporting

- WPD monitors pawnbroker, secondhand and precious metal dealer transactions through the Pawn Shop Unit.
- The current pawnbroker, secondhand and precious metal dealer reporting process is inefficient and labor intensive.
- Electronic reporting would improve the reporting process and increase WPD's ability to investigate stolen property claims.

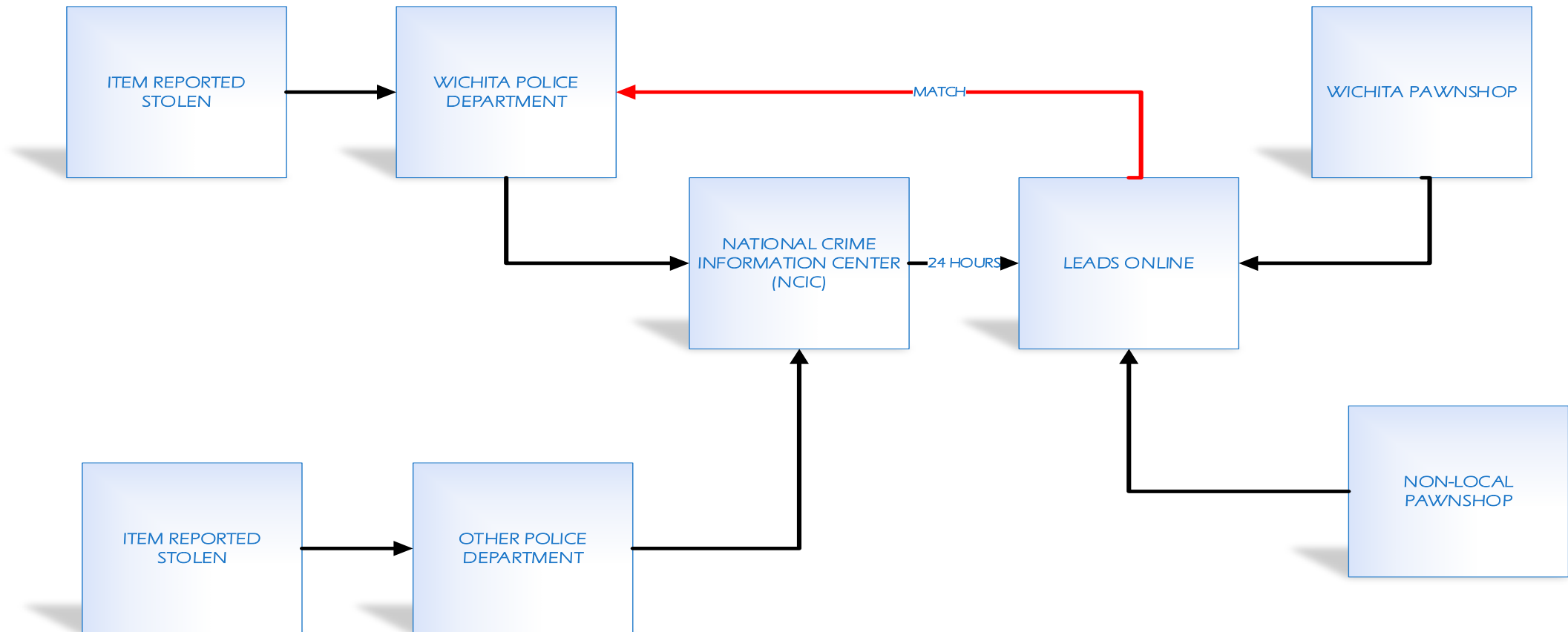
Current Reporting Process

CURRENT PAWN PROCESS



Proposed Reporting Process

DESIRED PAWN PROCESS



Analysis

- The amendments would require:
 - Pawnbroker, secondhand and precious metal dealers to electronically report transactions within one (1) business day.
 - Transaction information would be submitted directly from dealers to the LeadsOnline program.
 - There would be no cost to businesses for reporting pawn data to LeadsOnline.

Data Confidentiality And Security

- Per the proposed contract between the City and LeadsOnline, the provider agrees to restrict access to Law Enforcement Officials for use in their official duties.
- The provider also agrees to secure Data using administrative, technical and physical safeguards as set forth in applicable law, including the Gramm-Leach-Bliley Act of 1999, together with the Privacy Rule and Safeguards Rule promulgated by the U.S. Federal financial institution regulators and the Federal Trade Commission.
- Technical Safeguards include:
 - Strong passwords to access Leads' System and Data.
 - 256-Bit Transport Layer Security (TLS) encryption in order to protect the Data against the interception and unauthorized use of information.
 - Data is secured behind firewalls isolating it from web servers in order to prevent unauthorized electronic access.
 - The U.S. government requires that all sensitive and important data be encrypted using 192- or 256-bit encryption methods.

Costs

- The proposed ordinance does not require pawnshops to pay fees to the City or the provider of the reporting system.
- Per the proposed contract between the City and LeadsOnline, the cost is paid by the City and remains fixed for three years. This is consistent with the experience of peer cities using this same provider.

Agency	Year 1	Year 2	Year 3	Year 4	Year 5
Wichita KS PD	\$37,664	\$37,664	\$37,664	+3%	+3%
Colorado Springs CO PD (joined 2013)	\$33,858	\$33,858	\$33,858	+3%	+3%
St. Paul MN PD (joined 2017)	\$36,257	\$36,257	\$36,257	+3%	+3%
Tulsa OK PD (joined 2016)	\$52,908	\$52,908	\$52,908	+3%	+3%

Kiosks - Electronic Devices

- EcoATM contacted staff regarding the use of kiosks to purchase and recycle electronic devices.
 - EcoATM specializes in recycling used cellphones and other electronics.
 - EcoATM purchases electronics through kiosks and interact remotely with patrons selling the items.
 - The current ordinance prevents EcoATM from entering the market due to holding period and local storage requirements.

Analysis

- The proposed Charter Ordinance would require:
 - Kiosk operators to report Electronic Serial Numbers within (10) business days.
 - Permit items purchased under this business model to be held offsite.
 - Law enforcement be given access to the kiosk within twenty-four (24) hours of a request for access to search for stolen items and/or to review any recorded data.
 - Kiosk operators to return items reported stolen to the police department, at the operator's expense, upon request.
 - Each kiosk to be licensed.

Expected Outcomes

- Increased efficiency
- Faster identification of suspects
- Improved ability to prosecute property crimes
- A decrease in thefts and burglaries citywide
- Better detection of organized intra/interstate theft rings
- Better linkage of multiple crime scenes and crime types
- Allow EcoATM and similar business models to enter the Wichita secondhand dealer market

Staff Recommendations

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Place the Charter Ordinance on first reading and authorize all necessary signatures.

Pawnbroker and Secondhand Dealers

Wichita Police Department

*Working in partnership with our community
to deliver exceptional police services with
professional and fairness.*

