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Title

Wiped, Flashed, and Rekitted: The International Black Market of Stolen Cell Phones

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Supplemental Material

<https://escholarship.org/uc/item/14b2493b#supplemental>

Abstract

There are now more cell phones in the world than humans. Globally one out of four people owns a smartphone - and that number is expected to double in just 5 years. We use our phones to communicate with loved ones, store photos, find and share information, organize our days. They have become an indispensable part of our lives.

But with this convenience comes a danger. One in ten smartphone owners in the United States has had their phone stolen. Some have even lost their lives. In most major U.S. cities, at least half of all robberies involve the theft of a cell phone. That means a phone is stolen roughly every ten seconds. Nearly 60% of all San Francisco robberies included a smartphone in 2013. In neighboring Oakland, the numbers are even more dramatic. The Oakland Police Department estimated in 2013 that 75% of street robberies in Oakland involved a cellphone.

Cell phones have become so valuable that an entire underground economy has sprung up around them. It's a world hidden from sight where stolen phones are trafficked across borders like drugs and sent to the far corners of the globe.

In April of 2015, Jason Floarea, 29, was sentenced to one year in prison and will have to pay \$600,000 in restitution for trafficking stolen and fraudulently obtained phones through his company, Ace Wholesale. Investigators found that in less than two years Floarea's business sold almost 400,000 stolen phones for more than \$151 million. This is the largest federal lawsuit of its kind, but plenty more cell phone trafficking cases are cropping up all over the country. It's a lucrative business with lighter consequences than other illicit trades.

The vast majority of the phones the Floarea investigators came across were Apple iPhones that had been purchased fraudulently from mobile providers. This process is called credit muling.

Credit muling involves a "handler" who either bribes or tricks people, often from vulnerable communities, into bulk purchasing contract-subsidized cell phones. The handler then sells the phones to middlemen, like Floarea, who have connections abroad.

In March, 2013 the California Attorney General charged two individuals with trafficking nearly \$4 million in mobile phones to Hong Kong over an 8 month period.

Most of the Ace Wholesale phones were also shipped to Hong Kong, a main international hub for stolen phones, along with Dubai.

Phones stolen in the United States have been found on every continent except Antarctica.

In Latin America smartphones can fetch a much higher price than they can in the US. Import taxes and tariffs can make a legal iPhone, that is unlocked and contract-free, cost more than \$1000 in countries like Ecuador, Venezuela, Colombia, and Argentina.

In Brazil, a new iPhone 6 from the Apple Store costs \$1,285, making it the most expensive iPhone in the world. Sticker shock and high demand have resulted in a thriving black market of stolen phones that several Latin American governments are struggling to contain.

Interpol reports that cell phone theft organizations smuggling across borders in Latin America make an average of \$550,000 per day. Many of these traffickers are connected to drug cartels who are investing in smuggling cell phones because they are considered low risk and high reward compared to narcotics.

Your phone, refurbished and repackaged, could wind up in the pocket of a teenager in Hong Kong or a tourist in Rio De Janeiro. From a street thief to a trafficker to the overseas businesses that peddle smuggled phones to unsuspecting customers, our project follows the trail of a stolen cell phone from the United States to Brazil.

Along with my two colleagues, Alexandra Garreton and Chris Schodt, we have produced an multimedia package consisting of videos, text, data visualizations, and an interactive website.

Master's Project Source List			
Interviews			Reports and Articles
First Name	Last Name	Source	
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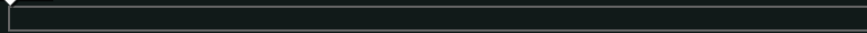
Interviews			Reports and Articles
Ivan	Brasilico	Receita Federal Santos Port	Toor, Amar. "The World's Most Expensive Smartphone: Brazil's Black Market for Gadgets Is Booming." The Verge. The Verge, 30 July 2013. Web.
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Carolina		Vox Pop - Rio Market	
Michael	Pinheiro	Vox Pop - Rio Market	
Felipe Teodoro		Vox Pop	
Adriano		Santa Efigenia Vendor	
Eduardo		Receita Federal Sao Paulo (warehouse)	
Breno	Silva	Receita Federal Sao Paulo	
Rodrigo	Dias	Counterfeit Lawyer Sao Paulo	
Leticia	Sousa	Vox Pop - Rio Favela	
Raphael	Santos da Cruz	Vox Pop - Rio Favela	
Vitor	Lira	Guide - Rio Favela	
Junior		Vox Pop - Rio Favela	

Master's Project Screenshots





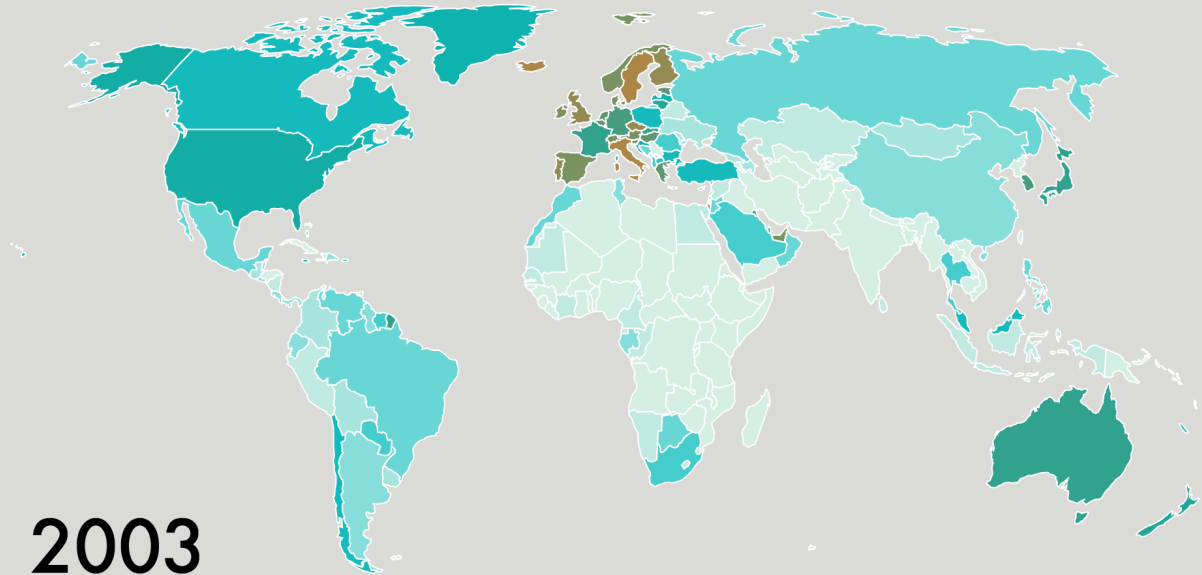
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HD



Mobile Subscriptions per 100 People



2003

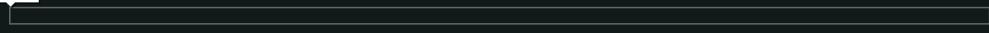
Since you have been on this web page,

MORE THAN
OF ROBBERIES IN
IN MAJOR U.S.
CITIES INVOLVES

50%
**CELL
PHONES**



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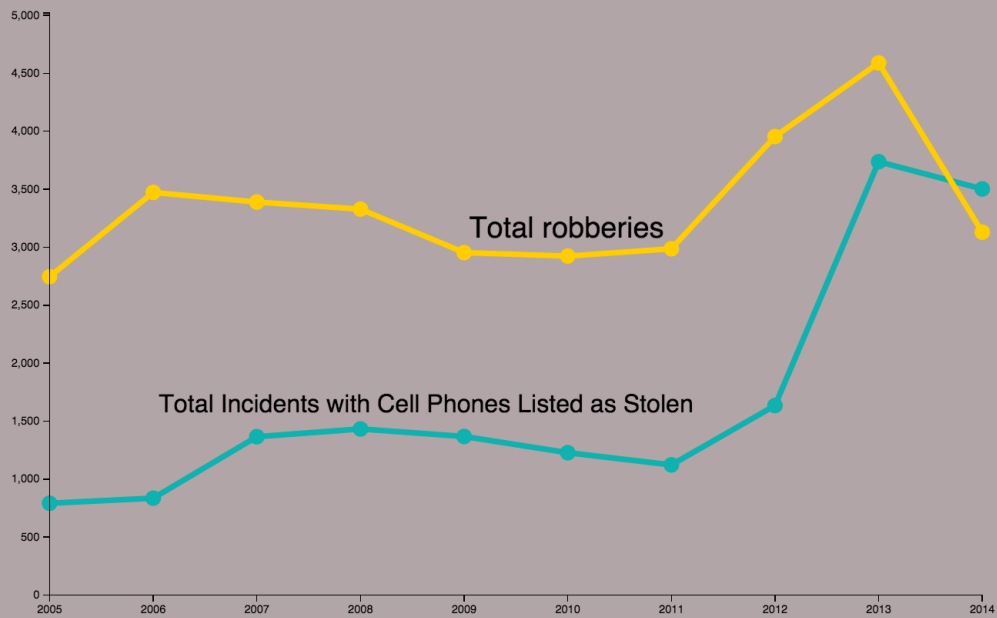


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OAKLAND

The Oakland Police Department estimated in 2013 that 75% of street robberies in Oakland involved a cellphone.

Oakland Crime





So far, since you have been on this web page

44

phones have been stolen in the US.