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WRITTEN TESTIMONY SUBMITTED BY CHIEF DARYL K. ROBERTS HARTFORD POLICE DEPARTMENT

RAISED BILL 5472 AN ACT CONCERNING PAWNBROKERS, PRECIOUS METAL DEALERS AND SECONDHAND DEALERS Judiciary Committee Public Hearing March 19, 2010

Good morning, Senator McDonald and Representative Lawlor and members of the Judiciary Committee. My name is Chief Daryl K. Roberts of the Hartford Police Department. I am testifying in support of Raised Bill 5472 An Act Concerning Pawnbrokers, Precious Metal Dealers and Secondhand Dealers.

Before I speak in support of Raised Bill 5472, I want to make clear that while many pawnshop, secondhand dealer, and precious metals dealer transactions are legitimate, some are not. Legitimate pawnbrokers provide a service to those people who do not have ready access to other means of credit or short term financial support. The legitimate businesses are an important part of Hartford's economy and the department strives to establish and maintain a positive partnership with the business community. However, it is the percentage of pawn transactions trafficking in stolen property for cash that undermines the efforts of the Hartford Police Department and the Hartford communities committed to reducing crime.

During the past decade, the pawn industry has totally changed from its traditional role of lending money on deposit of personal property. Customers no longer seek convenient, quick loans, but rather sell property simply for cash. Therefore, the industry now primarily purchases and resells property, quickly adapting to the demands of its customers.

There are other factors cited for this shift in business. The most consistently lucrative stolen property is difficult to track and is often bought and sold by pawnshops without interference from victims or detection and seizure by police. These "hot" items include precious metals (e.g., gold,) cosmetics, power tools, small personal electronics, and clothing. Also, pawnshops have taken advantage of the opportunities available via

internet sales. Pawnbrokers sell property through their business' online presence or through public websites such as EBay. These two factors have contributed to the demand for "new-in-box" products. This demand has, in turn, expanded on the lucrative market for persons actively engaged in stealing new property from retail outlets. Often organized groups engaged in large scale retail theft routinely sell -- or fence -- stolen property through pawnshops, secondhand hand stores, and precious metal dealers. Some of these businesses collaborate in the thefts by requesting known thieves provide certain stolen "hot" products.

The trafficking -- or fencing -- of stolen property particularly through some pawnshops, secondhand dealers shops, and precious metal dealers or jewelry shops is organized and systematic. Persons or groups engaged in retail theft and residential burglaries are facilitated by systematic fencing activities conducted through some pawnshops and secondhand dealer and precious metal dealer shops. There is a strong correlation between this industry and property crime. It is an accepted law enforcement principle that cash fuels crime and property crime generates cash.

It is not surprising, therefore, that some in the industry are realizing a great financial advantage in this shift of business by capitalizing on the fact that law enforcement, in general, has not focused enough resources on monitoring activities in the industry. Law enforcement is aware that greater monitoring of the industry can connect pawnshop information to unsolved criminal case, identify customers who may be potential suspects for property crime, and locate stolen property. However, serious and violent crime and fiscal constraints have required police departments, especially those in urban areas, to prioritize existing and, often times, limited resources. That is not to say that property crime is not a priority in Hartford. The Hartford Police Department takes residential burglaries, retail theft, larceny and robbery very seriously and our officers and detectives respond immediately and appropriately.

In Hartford, during the past six (6) months, we received approximately 3,000 reports of property crime. In Hartford, there are currently ten (10) licensed businesses operating as a pawnshop, secondhand dealer, and/or precious metal dealer. There are also several other businesses, including many jewelry stores buying gold, that are operating without a license. Many of the stolen property from these crimes are being sold through the Hartford pawn industry. We also know that people committing property crimes in surrounding municipalities are coming into Hartford to sell stolen property. This is occurring primarily for two reasons: (1) the number of pawnshops in Hartford and the lack of pawnshop in some surrounding municipalities; and (2) the fact that it is commonly known there has been, until recently, little police oversight of the industry in Hartford.

As you know, existing state law vests broad authority to license and regulate pawnshops, secondhand dealers, and precious metals dealers with the police chief in a city and a selectman in a town. Because of the nature of the industry, oversight is best done by a police department. However, the implementation of the law among cities and

municipalities is widely different. What is needed is an organized and systematic response to the trafficking of stolen property especially through pawnshops.

In an effort to address this issue, the Hartford Police Department has recently written a comprehensive general order to license and regulate the industry and has initiated implementation through the Major Crimes Division Burglary Unit. Many of the provisions in Raised Bill 5472 that is before you today have been included in our new general order. We are also collaborating with police departments in the capitol region to investigate the trafficking of stolen property through pawnshops, secondhand dealers, and precious metal dealers.

Raised Bill 5472 provides comprehensive reform that will assist state and local law enforcement agencies in regulating the industry and investigating property crime and the trafficking of stolen property. This bill contains some important provisions including, but not limited to: (1) a full disclosure license application process; (2) detailed automated recordkeeping requirements of customer and property information including digital photographs; (3) scheduled electronic reporting of transaction data to police departments; and (4) mandatory property retention periods. The Hartford Police Department, therefore, strongly supports passage of this legislation.

I would be happy to answer any questions members of the committee may have. Thank you for raising a bill on this important issue and for your time this morning.