



General Assembly

February Session, 2010

Raised Bill No. 5472

LCO No. 2035

02035_____JUD

Referred to Committee on Judiciary

Introduced by:
(JUD)

AN ACT CONCERNING PAWNBROKERS, PRECIOUS METAL DEALERS AND SECOND-HAND DEALERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2010*) As used in this section and
2 sections 21-39 to 21-47, inclusive, of the general statutes, as amended
3 by this act:

4 (1) "Pawnbroker" means a person who is engaged in the business of
5 loaning money on the deposit or pledge of wearing apparel, jewelry,
6 ornaments, household goods or other personal property or purchasing
7 such property on condition of selling the same back again at a
8 stipulated price;

9 (2) "Precious metals dealer" means a person who is engaged in the
10 business of purchasing gold or gold-plated ware, silver or silver-plated
11 ware, platinum ware, watches, jewelry, precious stones or coins, other
12 than a person in the business of selling such items to be resold at retail
13 or selling raw materials to be manufactured into suitable forms for use
14 by consumers whose primary place of business is located in this state;

15 (3) "Second-hand dealer" means a person who is engaged in the
16 business of purchasing personal property of any type from a person
17 who is not a wholesaler for the purpose of reselling or exchanging
18 such property, other than an antiques dealer, art dealer, coin and
19 stamp dealer, precious metals dealer, pawnbroker, consignment shop
20 operator, special collectibles dealer, musical instrument dealer, used
21 book dealer, dealer in motor vehicles as defined in chapter 246 of the
22 general statutes, auctioneer as defined in chapter 403 of the general
23 statutes, junk dealer as defined in chapter 405 of the general statutes,
24 scrap metal processor as defined in section 14-67w of the general
25 statutes, recycling facility as defined in section 22a-207 of the general
26 statutes, or bona fide charitable or religious corporation;

27 (4) "Antiques dealer" means a person who is primarily engaged in
28 the business of buying and selling items collected or desirable due to
29 age, rarity, condition or some other unique feature;

30 (5) "Art dealer" means a person who is primarily engaged in the
31 business of buying and selling illustrative and decorative paintings,
32 drawings, photographs, prints, sculptures or other works in the
33 graphic or plastic arts, or decorative or artistic objects;

34 (6) "Used book dealer" means a person who is primarily engaged in
35 the business of buying and selling books previously sold at retail from
36 persons other than a publisher or wholesaler;

37 (7) "Coin and stamp dealer" means a person who is primarily
38 engaged in the business of buying and selling coins, stamps, currency
39 or rare documents collected or desirable due to age, rarity, condition or
40 some other unique feature;

41 (8) "Consignment shop operator" means a person who is primarily
42 engaged in the business of selling goods as the agent of another person
43 who has placed such goods in the physical possession of the agent
44 when such other person has not been paid for such goods, retains legal
45 title to such goods and bears the risk of loss until such goods are sold

46 to a third person;

47 (9) "Special collectibles dealer" means a person who is primarily
48 engaged in the business of buying or selling a distinctive type of
49 manufactured item of limited supply designed for persons to collect or
50 that possesses attractive characteristics, rarity, uniqueness, production
51 faults or other distinctive characteristics necessary to cause a person to
52 save it for hobby, display or investment purposes without regard to its
53 value or practical use, including, but not limited to, china, glass, toys,
54 militaria, sports memorabilia, movie memorabilia, railroad
55 memorabilia, models, comic books, dolls, figurines or other items of
56 interest to a discrete group of persons, other than antiques, coins,
57 stamps, works of art, books, jewelry or precious metals;

58 (10) "Musical instruments dealer" means a person who is primarily
59 engaged in the business of buying and selling new and used musical
60 instruments and accessories;

61 (11) A person is "primarily engaged in a business" when such
62 person is engaged in business and all or most of the business's income,
63 transactions, employees or resources are involved in an activity or
64 when the purpose of the business is essentially or fundamentally
65 occupied with the performance of an activity;

66 (12) "Wholesaler" means a person engaged in the business of buying
67 goods in large quantities and reselling the goods in the same or smaller
68 quantities to persons who resell the goods to the ultimate consumer;

69 (13) "Licensing authority" means the chief of police of any town or
70 city or, if such town or city does not have an organized local police
71 department, the Commissioner of Public Safety; and

72 (14) "Person" means an individual, corporation, limited liability
73 company, partnership or association.

74 Sec. 2. Section 21-39 of the general statutes is repealed and the
75 following is substituted in lieu thereof (*Effective July 1, 2010*):

76 (a) No person [, corporation, limited liability company or
77 partnership] shall, in any city or town of this state, engage in [or carry
78 on] the business of [loaning money upon deposits or pledges of
79 wearing apparel, jewelry, ornaments, household goods or other
80 personal property, or of purchasing such property on condition of
81 selling the same back again at a stipulated price, unless such person,
82 corporation, limited liability company or partnership is licensed as] a
83 pawnbroker [; but the], precious metals dealer or second-hand dealer
84 unless such person is licensed as provided in section 21-40, as
85 amended by this act.

86 (b) The provisions of this chapter shall apply only if [such] property
87 is [deposited with a lender] physically transferred from the possession
88 of one of the parties to the transaction, and shall not apply to (1) loans
89 made upon stock, bonds, notes or other written or printed evidence of
90 ownership of property or of indebtedness to the holder or owner of
91 any such securities, or (2) any transaction involving the purchase of
92 personal property of any type from a person who is not a wholesaler
93 for the purpose of reselling or exchanging such property by (A) a bona
94 fide charitable or religious corporation, or (B) a person conducting a
95 garage sale, yard sale, tag sale or estate sale conducted entirely at the
96 residence of such person that does not exceed seventy-two hours in
97 duration in any six-month period.

98 Sec. 3. Section 21-40 of the general statutes is repealed and the
99 following is substituted in lieu thereof (*Effective July 1, 2010*):

100 (a) The [selectmen of any town and the chief of police of any]
101 licensing authority of any town or city may grant licenses to suitable
102 persons to be pawnbrokers, [and to carry on the business of lending
103 money on the deposit or pledge of personal property, or of purchasing
104 such property on condition of selling it back again at a stipulated price,
105 or of purchasing such property from a person who is not a wholesaler,
106 in such town or city respectively, and may revoke such licenses for
107 cause; but the selectmen shall not grant such licenses for the carrying

108 on of such business] precious metals dealers or second-hand dealers
109 within the limits of [any city] such town or city, and may suspend or
110 revoke such licenses for cause.

111 (b) The person so licensed shall pay, for the benefit of any such city
112 or town, respectively, to the licensing authority [granting such license]
113 a license fee of fifty dollars, and twenty-five dollars per year thereafter
114 for renewal of such license, and shall, at the time of receiving such
115 license, file, with the [mayor of such city or the first selectman of such
116 town] licensing authority, a bond to such city or town, with competent
117 surety, in the [penal sum] amount of [two] ten thousand dollars, to be
118 approved by such licensing authority, and conditioned for the faithful
119 performance of the duties and obligations pertaining to the business so
120 licensed.

121 (c) Each such license shall designate the type of business to be
122 engaged in and the place where such business is to be carried on and
123 shall [continue] be in effect for one year unless sooner suspended or
124 revoked. Such license shall be displayed in a conspicuous location in
125 the place where such business is carried on. At the time of application
126 for such license and each renewal thereof, the applicant shall disclose
127 to the licensing authority all places used or intended to be used by the
128 business for the purchase, receipt, storage or sale of property. During
129 the term of such license, the licensee shall notify the licensing authority
130 of any additional places that will be used by the business for the
131 purchase, receipt, storage or sale of property prior to such use.

132 (d) An application for such license shall be made in writing, under
133 oath. The application shall contain: (1) The type of business to be
134 engaged in, (2) the applicant's full name, age and date and place of
135 birth, (3) the applicant's residence addresses and places of employment
136 within the preceding five years, (4) the applicant's present occupation,
137 (5) any crime of which the applicant has been convicted and the date
138 and place of such conviction, and (6) such additional information as
139 the licensing authority deems necessary to investigate the

140 qualifications, character, competency and integrity of the applicant. If
141 the applicant is a corporation, limited liability company, partnership or
142 association, the application shall contain the information required by
143 this subsection for each individual who is or will be an officer,
144 shareholder, financial backer or creditor, other than a financial
145 institution, of such entity or any other individual with a relationship to
146 such entity similar to that of an officer, shareholder, financial backer or
147 creditor.

148 (e) The application for such license and any renewal thereof shall
149 contain information on any Internet web site or account used by such
150 applicant to conduct the business. During the term of the license, the
151 licensee shall notify the licensing authority in writing of the addition
152 or discontinuation of any Internet web sites or accounts used to
153 conduct the business.

154 (f) No license shall be issued under this section by the [selectmen or
155 chief of police] licensing authority to any person who has been
156 convicted of a felony. [The selectmen or chief of police may require any
157 applicant for a license under this section to submit to state and national
158 criminal history records checks. If the selectmen or chief of police
159 require such criminal history records checks, such checks] The
160 licensing authority may require any applicant, employee or person
161 with an ownership interest in the business to submit to state and
162 national criminal history records checks. Whenever the licensing
163 authority requires such criminal history records checks, such
164 individual shall submit two complete sets of fingerprints on forms
165 prescribed by the licensing authority. Any criminal history records
166 checks required pursuant to this subsection shall be conducted in
167 accordance with section 29-17a. The licensing authority may charge the
168 individual a fee equal to the fees established by the Federal Bureau of
169 Investigation and the State Police Bureau of Identification for
170 performing such criminal history records checks.

171 (g) The licensing authority shall grant or deny such application not

172 later than ninety days after the filing of such application with the
173 licensing authority. Failure of the licensing authority to act on such
174 application within such period shall be deemed to be a denial. Any
175 person aggrieved by any action of the licensing authority in denying a
176 license issued pursuant to this section may appeal therefrom to the
177 Superior Court.

178 (h) Any applicant for a license or renewal thereof to engage in the
179 business of a second-hand dealer may, at the time of the initial
180 application or any time thereafter, apply for an exemption from the
181 provisions of sections 21-41 to 21-43, inclusive, as amended by this act,
182 and section 21-45, as amended by this act, for the term of the license or
183 for such shorter period as the licensing authority may determine. The
184 licensing authority may grant such exemption for good cause shown.

185 (i) The licensing authority may, for good cause shown, exempt any
186 individual from the provisions of this chapter who engages in
187 activities otherwise subject to the provisions of this chapter on an
188 occasional basis.

189 Sec. 4. Section 21-41 of the general statutes is repealed and the
190 following is substituted in lieu thereof (*Effective July 1, 2010*):

191 (a) No pawnbroker, [or person who loans money on the deposit or
192 pledge of wearing apparel, jewelry, ornaments, household goods or
193 other personal property or purchases such property on condition of
194 selling the same back again at a stipulated price or purchases such
195 property from a person who is not a wholesaler] precious metals
196 dealer or second-hand dealer shall take, receive or purchase [such]
197 tangible personal property without receiving proof of the identity of
198 the person depositing, pledging or selling the property if such person
199 is not a wholesaler. Such identification shall include a photograph, a
200 date of birth, an address, if available on the identification, and an
201 identifying number. [Any person who wilfully violates any provision
202 of this subsection shall, for a first violation, have committed an
203 infraction and, for a second or subsequent violation committed within

204 two years of a prior violation, be guilty of a class A misdemeanor.]

205 (b) Each such pawnbroker, [or person carrying on such business of
206 loaning money on the deposit or pledge of personal property or of
207 purchasing such property on condition of selling the same back again
208 at a stipulated price or of purchasing such property from a person who
209 is not a wholesaler] precious metals dealer or second-hand dealer shall
210 maintain a record-keeping system deemed appropriate by the [chief of
211 police in cities and by the selectmen in towns,] licensing authority in
212 which shall be entered in English, at the time [he] the licensee receives
213 any article of personal property by way of deposit, pledge [, pawn] or
214 purchase, a description of such article [,] and the name, the residence
215 address, the proof of identity as required in subsection (a) of this
216 section and a general description of the person from whom, and the
217 day and hour when, such property was received and in which shall be
218 included a digital photograph of such article. Each entry in such
219 record-keeping system shall be numbered consecutively. A tag shall be
220 attached to the article in a visible and convenient place with a number
221 written thereon corresponding to the entry number in the record-
222 keeping system and shall remain attached to the article until the article
223 is sold or otherwise disposed of. Such tag shall be visible in the digital
224 photograph required by this subsection. Such record-keeping system
225 and the place or places where such business is carried on and all
226 articles of property therein may be examined at all times by any state
227 police officer [, by any] or municipal police officer. [, by the selectmen
228 of the town or any person by them designated or, if such business is
229 carried on in a city, by the chief of police of such city or any person by
230 him designated.] Any state police officer or municipal police officer [of
231 the town or city where the business is carried on] who performs such
232 an examination may require any employee on the premises to provide
233 proof of his identity.

234 (c) The description of any property received by a licensee under this
235 section shall include, but is not limited to, all distinguishing marks,
236 names of any kind, including brand and model names, model and

237 serial numbers, engravings, etchings, affiliation with any institution or
238 organization, dates, initials, color, size, vintage or image represented.
239 A description of a jewelry item shall also include the material, ring
240 size, weight, chain length, shape, carat weight and color as applicable.
241 A description of audio, video or electronic media of any kind shall also
242 include the title and artist or other identifying information contained
243 on the cover or external surface of such media.

244 Sec. 5. Section 21-42 of the general statutes is repealed and the
245 following is substituted in lieu thereof (*Effective July 1, 2010*):

246 (a) Each [such] pawnbroker, precious metals dealer or second-hand
247 dealer shall, at the time of making any loan on a [pawn] deposit or
248 pledge of personal property or of purchasing such property, [on
249 condition of selling the same back again at a stipulated price or of
250 purchasing such property from a person who is not a wholesaler,]
251 deliver to the person who [pawns] deposits, pledges or sells such
252 property a memorandum or note containing the entry required to be
253 made in [his] the record-keeping system [by] pursuant to the
254 provisions of section 21-41, as amended by this act.

255 (b) Each [such] pawnbroker, precious metals dealer or second-hand
256 dealer shall pay for any property received by [pawn] deposit, pledge
257 or purchase only by check, draft or money order and shall not pay cash
258 for any such property. [except when the pawnbroker cashes a check,
259 draft or money order for the person who is pawning, pledging or
260 selling the property. When the pawnbroker cashes a check, draft or
261 money order, he shall require proof of the identity of the person
262 presenting the check, draft or money order in accordance with
263 subsection (a) of section 21-41. Any person who wilfully violates any
264 provision of this section shall be guilty of a class A misdemeanor.]
265 Each such check, draft or money order shall contain the number or
266 numbers associated with such property in the record-keeping system
267 required to be maintained pursuant to section 21-41, as amended by
268 this act. Whenever such check, draft or money order is negotiated, the

269 pawnbroker, precious metals dealer or second-hand dealer shall retain
270 the cancelled instrument upon its return from a financial institution
271 and such instrument is subject to inspection pursuant to section 21-41,
272 as amended by this act, as part of such record-keeping system. No
273 pawnbroker, precious metals dealer or second-hand dealer shall accept
274 and pay a check, draft or money order issued by him.

275 (c) No pawnbroker, precious metals dealer or second-hand dealer
276 may purchase any personal property from a minor unless such minor
277 is accompanied by such minor's parent or guardian.

278 Sec. 6. Section 21-43 of the general statutes is repealed and the
279 following is substituted in lieu thereof (*Effective July 1, 2010*):

280 Each [such] pawnbroker, precious metals dealer or second-hand
281 dealer shall make, weekly or more frequently as determined by the
282 licensing authority upon consideration of the volume and nature of the
283 business, a sworn statement of his transactions, describing the goods
284 received and setting forth the nature and terms of the transaction and
285 the name and residence address and a description of the person from
286 whom the goods were received, to the [chief of police in cases of cities
287 and boroughs, and in other cases to the town clerk of the town in
288 which such pawnbroker resides. Any such pawnbroker who wilfully
289 fails to make the report required by this section shall be fined not more
290 than one hundred dollars] licensing authority.

291 Sec. 7. Section 21-44 of the general statutes is repealed and the
292 following is substituted in lieu thereof (*Effective July 1, 2010*):

293 (a) No pawnbroker [or person who loans money on the deposit or
294 pledge of personal property] shall take or receive, for the use of money
295 either loaned on personal property or paid in connection with the
296 purchase of property on condition of selling the same back again at a
297 stipulated price, any more than the following rates: For the use of
298 money amounting to fifteen dollars or less, five per cent per month or
299 fraction thereof; for the use of money exceeding fifteen dollars in

300 amount and not exceeding fifty dollars in amount, three per cent per
301 month or fraction thereof; for the use of money exceeding fifty dollars
302 in amount, two per cent per month or fraction thereof.

303 (b) No pawnbroker shall charge any fee to any person who deposits,
304 pledges or sells any property unless (1) the nature, amount and type of
305 any such fee is clearly and conspicuously disclosed and specified by
306 the pawnbroker in writing both at the place of business of the
307 pawnbroker and in the memorandum or note that the pawnbroker is
308 required to deliver pursuant to section 21-42, as amended by this act,
309 and (2) the amount of any such fee is reasonably equivalent to a cost
310 incurred by the pawnbroker in the normal and customary course of
311 business and is intended to reimburse the pawnbroker for such cost.

312 Sec. 8. Section 21-45 of the general statutes is repealed and the
313 following is substituted in lieu thereof (*Effective July 1, 2010*):

314 (a) No pawnbroker shall sell or dispose of any personal property left
315 with him in deposit or pledge for money loaned or as a result of the
316 purchase of such property on condition of selling the same back again
317 at a stipulated price in less than two months from the day when the
318 same is left in deposit or pledge [as aforesaid] or purchased, except
319 when such sale or disposition is to the person who deposited, pledged
320 or sold such property. All such property may be sold or disposed of at
321 the [premises] place of business of such pawnbroker or at public sale
322 after advertisement in a daily newspaper published in the town or city
323 in which such pawnbroker carries on the business, at least once two
324 days before the date of the sale or sales, which advertisement shall
325 state the numbers of the pledge tickets representing the property
326 offered for sale, and the date or dates when such tickets were issued.

327 (b) No precious metals dealer or second-hand dealer shall sell or
328 dispose of any personal property acquired in any transaction in the
329 course of business in less than twenty-one days from the date of its
330 receipt. Upon the sale or disposition of such property, such dealer
331 shall, if such property is not sold at retail at the place of business of

332 such dealer, record in the record-keeping system required by section
333 21-41, as amended by this act, the value received for such property, the
334 name and address of the purchaser and the nature of the transaction.

335 Sec. 9. Section 21-46a of the general statutes is repealed and the
336 following is substituted in lieu thereof (*Effective July 1, 2010*):

337 Whenever property is seized from the [premises] place of business
338 of a pawnbroker, precious metals dealer or second-hand dealer by a
339 law enforcement officer, such officer shall give the pawnbroker,
340 precious metals dealer or second-hand dealer a duly signed receipt for
341 the property containing a case number, a description of the property,
342 the reason for the seizure, the name and address of the officer, the
343 name and address of the person claiming a right to the property prior
344 to the pawnbroker, precious metals dealer or second-hand dealer and
345 the name of the pawnbroker, precious metals dealer or second-hand
346 dealer. If the pawnbroker, precious metals dealer or second-hand
347 dealer claims an ownership interest in such property, he may request
348 the return of such property by filing a request therefor with the law
349 enforcement agency in accordance with the provisions of section 54-
350 36a.

351 Sec. 10. Section 21-47 of the general statutes is repealed and the
352 following is substituted in lieu thereof (*Effective July 1, 2010*):

353 (a) Any person [, corporation, limited liability company or
354 partnership which] who wilfully engages in the business of a
355 pawnbroker, [or in any business described in section 21-39] precious
356 metals dealer or second-hand dealer, unless licensed according to law,
357 or after notice that [its] his license has been suspended or revoked,
358 shall be guilty of a class D felony, [, and also shall forfeit treble the
359 amount loaned on the property so pledged to any person injured
360 thereby who sues therefor.]

361 (b) Any person [, corporation, limited liability company or
362 partnership which wilfully] who violates any of the provisions of this

363 chapter for which no other penalty is provided [or neglects to keep a
364 record-keeping system in the English language or to make the entries
365 therein as provided by law or refuses to allow the same to be inspected
366 by the proper officers or receives an article of personal property by
367 way of pawn, pledge or purchase from any minor, knowing or having
368 reason to believe him to be a minor,] shall be guilty of a class A
369 misdemeanor.

370 Sec. 11. Section 21-9 of the general statutes is repealed and the
371 following is substituted in lieu thereof (*Effective July 1, 2010*):

372 As used in this chapter, "junk dealer" means any person who
373 engages in business as a dealer and trader in junk, old metals, scrap,
374 rags, waste paper or other secondhand articles that are no longer
375 serviceable for their original manufactured purpose, and "junk yard"
376 means any place in or on which old metal, glass, paper, cordage or
377 other waste or discarded or secondhand material, which has not been a
378 part, or is not intended to be a part, of any motor vehicle, is stored or
379 deposited.

380 Sec. 12. Section 21-11 of the general statutes is repealed and the
381 following is substituted in lieu thereof (*Effective July 1, 2010*):

382 Any person desiring to engage in business as a dealer [and trader in
383 secondhand bicycles,] in junk, metals or other secondhand articles that
384 are no longer serviceable for their original manufactured purpose in
385 any town, city or borough shall make application to the selectmen of
386 such town, the mayor or chief of police of such city or the warden of
387 such borough, as the case may be, for a license to transact such
388 business within the limits of such town, city or borough, and the
389 selectmen of such town, the mayor or chief of police of such city or the
390 warden of such borough shall issue such licenses to such suitable
391 persons as apply therefor and may revoke any such license for cause;
392 but the selectmen shall not grant any such license for the carrying on of
393 such business within the limits of any city or borough, and the persons
394 so licensed shall pay, for the benefit of any such town, city or borough,

395 to the authority granting the license, not less than two nor more than
 396 ten dollars therefor, to be determined by the authority granting the
 397 license, and for renewal of such license ten dollars per year. Each
 398 license granted under the provisions of this section shall designate the
 399 place where such business is to be carried on, and shall continue for
 400 one year unless sooner revoked. Each such dealer shall keep a book in
 401 which shall be written in English a description of such articles and the
 402 name and residence and a general description of the person from
 403 whom, and the time and hour when, such property was received; and
 404 such book, and all articles of property mentioned therein, and the
 405 place where such business is carried on, may be examined at any time
 406 by the selectmen of the town or any person designated by them, and,
 407 in any city or borough, by the chief of police of such city or borough or
 408 any person by him designated. Each such dealer shall make, weekly,
 409 sworn statements of all his transactions under such license, describing
 410 the goods received and setting forth the name and residence and a
 411 description of the person from whom such goods were received, to the
 412 chief of police in the case of cities or boroughs and, in other cases, to
 413 the town clerk of the town in which such junk dealer resides, and shall
 414 keep all goods at least five days after the filing of such statement.

415 Sec. 13. Section 21-100 of the general statutes is repealed. (*Effective*
 416 *July 1, 2010*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010</i>	New section
Sec. 2	<i>July 1, 2010</i>	21-39
Sec. 3	<i>July 1, 2010</i>	21-40
Sec. 4	<i>July 1, 2010</i>	21-41
Sec. 5	<i>July 1, 2010</i>	21-42
Sec. 6	<i>July 1, 2010</i>	21-43
Sec. 7	<i>July 1, 2010</i>	21-44
Sec. 8	<i>July 1, 2010</i>	21-45
Sec. 9	<i>July 1, 2010</i>	21-46a
Sec. 10	<i>July 1, 2010</i>	21-47

Sec. 11	<i>July 1, 2010</i>	21-9
Sec. 12	<i>July 1, 2010</i>	21-11
Sec. 13	<i>July 1, 2010</i>	Repealer section

Statement of Purpose:

To revise the licensing and business practice requirements for persons engaged in the business of pawnbrokers, precious metal dealers or second-hand dealers.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]