



House of Representatives

General Assembly

File No. 703

January Session, 2011

Substitute House Bill No. 5795

House of Representatives, May 3, 2011

The Committee on Judiciary reported through REP. FOX, G. of the 146th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE LICENSING AND RECORD KEEPING OF PAWNBROKERS, SECONDHAND DEALERS AND PRECIOUS METALS OR STONES DEALERS, THE RETENTION OF CERTAIN GOODS AND CERTAIN FEES CHARGED BY PAWNBROKERS.

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

1 Section 1. (NEW) (*Effective October 1, 2011*) As used in this section,
2 sections 10 and 11 of this act, sections 21-39 to 21-47, inclusive, of the
3 general statutes, as amended by this act, and section 21-100 of the
4 general statutes, as amended by this act:

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

10 (2) "Precious metals or stones dealer" means a person who is
11 primarily engaged in the business of purchasing gold or gold-plated
12 ware, silver or silver-plated ware, platinum ware, watches, jewelry,

13 precious stones, bullion or coins;

14 (3) "Secondhand dealer" means a person who is engaged in the
15 business of purchasing personal property of any type from a person
16 who is not a wholesaler, for the purpose of reselling or exchanging
17 such property, and has physical possession of such property, other
18 than an antiques dealer, art dealer, coin and stamp dealer, precious
19 metals or stones dealer, pawnbroker, consignment shop operator,
20 special collectibles dealer, musical instrument dealer, used book
21 dealer, dealer in motor vehicles as described in chapter 246 of the
22 general statutes, auctioneer as described in chapter 403 of the general
23 statutes, junk dealer, as defined in section 21-9 of the general statutes,
24 as amended by this act, scrap metal processor, as defined in section 14-
25 67w of the general statutes, recycling facility, as defined in section 22a-
26 207 of the general statutes, or bona fide charitable or religious
27 corporation;

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

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

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

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

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

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

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

62 (11) "Wholesaler" means a person engaged in the business of buying
63 property in large quantities and reselling the property in the same or
64 smaller quantities to persons who resell the property to the ultimate
65 consumer;

66 (12) "Licensing authority" means the chief of police of any town or
67 city or, if such town or city does not have an organized local police
68 department, the Commissioner of Public Safety; and

69 (13) "Person" means an individual, corporation, limited liability
70 company, partnership or association.

71 Sec. 2. Section 21-39 of the general statutes is repealed and the
72 following is substituted in lieu thereof (*Effective October 1, 2011*):

73 No person [, corporation, limited liability company or partnership]
74 shall, in any city or town of this state, engage in or carry on the
75 business of [loaning money upon deposits or pledges of wearing

76 apparel, jewelry, ornaments, household goods or other personal
77 property, or of purchasing such property on condition of selling the
78 same back again at a stipulated price, unless such person, corporation,
79 limited liability company or partnership is licensed as] a pawnbroker
80 unless such person is licensed in accordance with section 21-40, as
81 amended by this act; but the provisions of this chapter shall apply only
82 if such property is deposited with a lender, and shall not apply to
83 loans made upon stock, bonds, notes or other written or printed
84 evidence of ownership of property or of indebtedness to the holder or
85 owner of any such securities.

86 Sec. 3. Section 21-40 of the general statutes is repealed and the
87 following is substituted in lieu thereof (*Effective October 1, 2011*):

88 (a) The [selectmen] licensing authority of any town [and the chief of
89 police of any] or city may grant licenses to suitable persons to be
90 pawnbrokers [and to carry on the business of lending money on the
91 deposit or pledge of personal property, or of purchasing such property
92 on condition of selling it back again at a stipulated price, or of
93 purchasing such property from a person who is not a wholesaler,] in
94 such town or city respectively, and may suspend or revoke such
95 licenses for cause, [; but the selectmen shall not grant such licenses for
96 the carrying on of such business within the limits of any city] which
97 shall include, but not be limited to, failure to comply with any
98 requirements for licensure specified by the licensing authority at the
99 time of issuance.

100 (b) The person so licensed shall pay, for the benefit of any such city
101 or town, respectively, or if the licensing authority of such city or town
102 is the Commissioner of Public Safety, for the benefit of the Department
103 of Public Safety, to the licensing authority [granting such license] a
104 license fee of fifty dollars, and twenty-five dollars per year thereafter
105 for renewal of such license, and shall, at the time of receiving such
106 license, file, with the [mayor of such city or the first selectman]
107 licensing authority of such city or town, a bond to such city or town,
108 with competent surety, in the penal sum of two thousand dollars, to be

109 approved by such licensing authority, and conditioned for the faithful
110 performance of the duties and obligations pertaining to the business so
111 licensed, unless such person is also licensed as a secondhand dealer in
112 accordance with section 10 of this act, in which case the licensing
113 authority shall waive the payment of renewal fees and filing of a bond
114 required by this subsection.

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

126 (d) An application for such license shall be made in writing, under
127 oath. The application shall contain: (1) The type of business to be
128 engaged in, (2) the applicant's full name, age and date and place of
129 birth, (3) the applicant's residence addresses and places of employment
130 within the preceding five years, (4) the applicant's present occupation,
131 (5) any crime of which the applicant has been convicted and the date
132 and place of such conviction, and (6) such additional information as
133 the licensing authority deems necessary to investigate the
134 qualifications, character, competency and integrity of the applicant. If
135 the applicant is a corporation, limited liability company, partnership or
136 association, the application shall contain the information required by
137 this subsection for each individual who is or will be an officer,
138 shareholder, financial backer or creditor, other than a financial
139 institution, of such entity or any other individual with a relationship to
140 such entity similar to that of an officer, shareholder, financial backer or
141 creditor.

142 (e) The application for such license and any renewal thereof shall
143 contain information on any Internet web site or account used by such
144 applicant to conduct the business. During the term of the license, the
145 licensee shall notify the licensing authority in writing of the addition
146 or discontinuation of any Internet web sites or accounts used to
147 conduct the business.

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

165 (g) The licensing authority shall grant or deny an application for a
166 license not later than ninety days after the filing of such application
167 with the licensing authority. A licensee seeking renewal of such license
168 shall file an application for renewal at least sixty days before the
169 expiration of such license and the licensing authority shall grant or
170 deny such renewal not later than thirty days after the filing of such
171 application for renewal. Failure of the licensing authority to act on
172 such initial application or renewal application within the applicable
173 period specified in this subsection shall be deemed to be a denial. The
174 licensing authority may suspend, revoke or modify any license issued
175 under this section at any time during the period of the license for good

176 cause shown, upon notice to the licensee and following a hearing. The
177 licensing authority shall hold any such hearing not later than five days
178 after the date of issuance of such notice, and shall issue a decision not
179 more than fourteen days after any hearing. Any person aggrieved by
180 any action of the licensing authority in denying, suspending, revoking,
181 modifying or refusing to renew a license issued pursuant to this
182 section may appeal from such action to the Superior Court.

183 Sec. 4. Section 21-41 of the general statutes is repealed and the
184 following is substituted in lieu thereof (*Effective October 1, 2011*):

185 (a) No pawnbroker [or person who loans money on the deposit or
186 pledge of wearing apparel, jewelry, ornaments, household goods or
187 other personal property or purchases such property on condition of
188 selling the same back again at a stipulated price or purchases such
189 property from a person who is not a wholesaler] shall take, receive or
190 purchase [such] tangible personal property without receiving proof of
191 the identity of the person depositing, pledging or selling the property.
192 Such identification shall include a photograph, an address, if available
193 on the identification, and an identifying number, including, but not
194 limited to, date of birth. [Any person who wilfully violates any
195 provision of this subsection shall, for a first violation, have committed
196 an infraction and, for a second or subsequent violation committed
197 within two years of a prior violation, be guilty of a class A
198 misdemeanor.] No pawnbroker shall enter into any pledge or purchase
199 transaction with a minor unless such minor is accompanied by such
200 minor's parent or guardian.

201 (b) Each such pawnbroker [or person carrying on such business of
202 loaning money on the deposit or pledge of personal property or of
203 purchasing such property on condition of selling the same back again
204 at a stipulated price or of purchasing such property from a person who
205 is not a wholesaler] shall maintain a computerized record-keeping
206 system deemed appropriate by the [chief of police in cities and by the
207 selectmen in towns] licensing authority, in which shall be entered in
208 English, at the time [he] the pawnbroker receives any article of

209 personal property by way of pledge, [pawn] deposit or purchase, a
210 description of such article, the name, residence address, proof of
211 identity as required in subsection (a) of this section and a general
212 description of the person from whom, and the [day] date and hour
213 when, such property was received and in which, if the property does
214 not contain any identifiable numbers or markings, shall be included a
215 digital photograph of each article. Each entry in the record-keeping
216 system shall be numbered consecutively. A tag shall be attached to the
217 article in a visible and convenient place with a number written on such
218 tag corresponding to the entry number in the record-keeping system
219 and shall remain attached to the article until the article is sold or
220 otherwise disposed of, provided the licensing authority shall prescribe
221 procedures authorizing the removal of such tags from articles,
222 including those articles consisting of jewelry that are cleaned and
223 repaired on the premises by the pawnbroker, that will provide
224 accountability for such articles. Such tag shall be visible in a digital
225 photograph taken in accordance with this section. Such record-keeping
226 system and the place where such business is carried on and all articles
227 of property therein may be examined at all times by any state police
228 officer, [by any] municipal police officer, [by] the [selectmen of the
229 town] licensing authority or any person by them designated. [or, if
230 such business is carried on in a city, by the chief of police of such city
231 or any person by him designated.] Any state police officer or
232 municipal police officer [of the town or city where the business is
233 carried on] who performs such an examination may require any
234 employee on the premises to provide proof of [his] the employee's
235 identity. All records maintained pursuant to this section shall be
236 retained by the pawnbroker for not less than two years.

237 (c) Except as provided in subsection (d) of this section, the
238 description of any property received by a pawnbroker under this
239 section shall include, but shall not be limited to, all distinguishing
240 marks, names of any kind, including brand and model names, model
241 and serial numbers, engravings, etchings, affiliation with any
242 institution or organization, dates, initials, color, vintage or image
243 represented. Any description of audio, video or electronic media of

244 any kind shall also include the title and artist or any other identifying
245 information contained on the cover or external surface of such media.

246 (d) The licensing authority may provide for an exemption from, or
247 establish additional or different requirements than, the requirements of
248 subsection (c) of this section upon consideration of the nature of the
249 property, transaction or business, including, but not limited to, articles
250 in bulk lots or articles of minimal value.

251 Sec. 5. Section 21-42 of the general statutes is repealed and the
252 following is substituted in lieu thereof (*Effective October 1, 2011*):

253 (a) Each such pawnbroker shall, at the time of making any loan on a
254 pawn or pledge of personal property or of purchasing such property
255 on condition of selling the same back again at a stipulated price [or of
256 purchasing such property from a person who is not a wholesaler,]
257 deliver to the person who [pawns] deposits, pledges or sells such
258 property a memorandum or note containing (1) the entry required to
259 be made in [his] such pawnbroker's computerized record-keeping
260 system by the provisions of section 21-41, as amended by this act, (2) a
261 copy of the statement signed by the person who deposits, pledges or
262 sells such property that represents and warrants that such property is
263 not stolen and has no liens or encumbrances against it, and that such
264 person is the rightful owner of such property and has the right to enter
265 into the transaction, and (3) a copy of the statement signed by the
266 person who deposits, pledges or sells such property that states such
267 person will indemnify and hold harmless such pawnbroker for any
268 loss arising from the transaction because of a superior right of
269 possession to the property residing with a third person. Each such
270 pawnbroker may charge the person who deposits, pledges or sells
271 such property a fee for such memorandum or note, the processing and
272 recording of the transaction, the storage of the property, any insurance
273 for the property and any appraisal of the property. Each such
274 pawnbroker shall pay for any property received by [pawn] deposit,
275 pledge or purchase only by check, draft or money order and shall not
276 pay cash for any such property except when the pawnbroker cashes a

277 check, draft or money order for the person who is [pawning]
278 depositing, pledging or selling the property. When the pawnbroker
279 cashes a check, draft or money order, [he] such pawnbroker shall
280 require proof of the identity of the person presenting the check, draft
281 or money order in accordance with subsection (a) of section 21-41, as
282 amended by this act. [Any person who wilfully violates any provision
283 of this section shall be guilty of a class A misdemeanor.]

284 (b) Each check, draft or money order used to pay for property
285 received by a pawnbroker shall contain the number or numbers
286 associated with such property in the record-keeping system
287 maintained in accordance with section 21-41, as amended by this act.
288 Whenever payment is made by check, the pawnbroker shall retain the
289 electronic copy of such check or other record issued by the financial
290 institution that processed such check, and such copy or record shall be
291 subject to inspection pursuant to section 21-41, as amended by this act,
292 as part of such record-keeping system. No pawnbroker shall cash any
293 check, draft or money order issued by such pawnbroker in an amount
294 in excess of one thousand dollars and no person shall structure any
295 transaction or transactions to avoid this prohibition. Any transaction or
296 transactions between a pawnbroker and the same party within a
297 twenty-four-hour period shall be aggregated and considered a single
298 transaction for the purposes of this subsection.

299 Sec. 6. Section 21-43 of the general statutes is repealed and the
300 following is substituted in lieu thereof (*Effective October 1, 2011*):

301 Each [such] pawnbroker shall [make, weekly] submit to the
302 licensing authority, weekly, or more frequently as determined by the
303 licensing authority upon consideration of the volume and nature of the
304 business, a sworn statement of his or her transactions, describing the
305 [goods] property received and setting forth the nature and terms of
306 each transaction and the name and residence address and a description
307 of the person from whom the [goods were] property was received. [, to
308 the chief of police in cases of cities and boroughs, and in other cases to
309 the town clerk of the town in which such pawnbroker resides. Any

310 such pawnbroker who wilfully fails to make the report required by this
311 section shall be fined not more than one hundred dollars.] Such
312 statement shall be in an electronic format prescribed by the licensing
313 authority. The licensing authority may grant an exemption from the
314 requirement of submitting such statement in electronic format for good
315 cause shown.

316 Sec. 7. Section 21-45 of the general statutes is repealed and the
317 following is substituted in lieu thereof (*Effective October 1, 2011*):

318 No pawnbroker shall sell or dispose of any personal property left
319 with [him] such pawnbroker in deposit or pledge for money loaned or
320 as a result of the purchase of such property on condition of selling the
321 same back again at a stipulated price in less than [two months] sixty
322 days from the [day] date when the same is left in deposit or pledge [as
323 aforesaid] or purchased on condition of selling the same back again at
324 a stipulated price, except when such sale or disposition is to the person
325 who deposited, pledged or sold such property or an authorized agent
326 of such person. All such property may be sold or disposed of at the
327 [premises] place of business of such pawnbroker or at public sale after
328 [advertisement in a daily newspaper published in the town in which
329 such pawnbroker carries on business, at least once two days before the
330 date of the sale or sales, which advertisement shall state the numbers
331 of the pledge tickets representing the property offered for sale, and the
332 date or dates when such tickets were issued.] such sixty-day period.
333 Upon the expiration of sixty days from the date when such property is
334 left with a pawnbroker, if the person who deposited or pledged such
335 property fails to redeem any such property in accordance with the
336 terms of the transaction, such right of redemption or repurchase on the
337 part of the person who deposited or pledged such property shall be
338 extinguished and the pawnbroker shall acquire the entire interest in
339 the property that was held by the person who deposited or pledged
340 such property prior to such deposit or pledge without further notice to
341 such person.

342 Sec. 8. Section 21-46a of the general statutes is repealed and the

343 following is substituted in lieu thereof (*Effective October 1, 2011*):

344 Whenever property is seized from the [premises] place of business
345 of a pawnbroker, precious metals or stones dealer or secondhand
346 dealer by a law enforcement officer, such officer shall give the
347 pawnbroker, precious metals or stones dealer or secondhand dealer a
348 duly signed receipt for the property containing a case number, a
349 description of the property, the reason for the seizure, the name and
350 address of the officer, the name and address of the person claiming a
351 right to the property prior to the pawnbroker, precious metals or
352 stones dealer or secondhand dealer and the name of the pawnbroker,
353 precious metals or stones dealer or secondhand dealer. If the
354 pawnbroker, precious metals or stones dealer or secondhand dealer
355 claims an ownership interest in such property, he or she may request
356 the return of such property by filing a request [therefor] for such
357 property with the law enforcement agency in accordance with the
358 provisions of section 54-36a. If the person who deposited, pledged or
359 sold any property received by a pawnbroker or dealer is convicted of
360 any offense arising out of such pawnbroker's or dealer's acquisition,
361 retention or disposition of the property and such pawnbroker or dealer
362 suffered an economic loss as a result of such offense, the court, at the
363 time of sentencing, may order restitution to such pawnbroker or dealer
364 pursuant to subsection (c) of section 53a-28 and such order may be
365 enforced in accordance with section 53a-28a.

366 Sec. 9. Section 21-47 of the general statutes is repealed and the
367 following is substituted in lieu thereof (*Effective October 1, 2011*):

368 (a) Any person [, corporation, limited liability company or
369 partnership which] who wilfully engages in the business of a
370 pawnbroker, [or in any business described in section 21-39,] unless
371 licensed according to law, or after notice that [its] his or her license has
372 been suspended or revoked, shall be guilty of a class D felony. [, and
373 also shall forfeit treble the amount loaned on the property so pledged
374 to any person injured thereby who sues therefor.]

375 (b) Any person [, corporation, limited liability company or

376 partnership which] who wilfully violates any of the provisions of this
377 chapter for which no other penalty is provided [or neglects to keep a
378 record-keeping system in the English language or to make the entries
379 therein as provided by law or refuses to allow the same to be inspected
380 by the proper officers or receives an article of personal property by
381 way of pawn, pledge or purchase from any minor, knowing or having
382 reason to believe him to be a minor,] shall be guilty of a class A
383 misdemeanor.

384 Sec. 10. (NEW) (*Effective October 1, 2011*) (a) No person shall engage
385 in the business of a secondhand dealer, as defined in section 1 of this
386 act, in any city or town of this state unless such person is licensed in
387 accordance with this section. The licensing authority of any city or
388 town may grant a secondhand dealer license to any suitable person
389 with a fixed place of business within the limits of such city or town.
390 The provisions of this section shall not apply to any transaction
391 involving the purchase of personal property of any type from a person
392 who is not a wholesaler for the purpose of reselling or exchanging
393 such property by (1) a bona fide charitable or religious corporation, or
394 (2) a person conducting a garage sale, yard sale, tag sale or estate sale
395 conducted entirely at a private residence, provided such sale does not
396 exceed seventy-two hours in duration during any six-month period
397 from the requirements of this section.

398 (b) Any person granted a license under subsection (a) of this section
399 shall pay, for the benefit of the city or town, respectively, or if the
400 licensing authority is the Commissioner of Public Safety, for the benefit
401 of the Department of Public Safety, to the licensing authority a license
402 fee of two hundred fifty dollars, and one hundred dollars per year
403 thereafter, for renewal of such license, and shall, at the time of
404 receiving such license, file, with the licensing authority, a bond to such
405 city or town, with competent surety, in the amount of ten thousand
406 dollars, to be approved by such licensing authority and conditioned
407 for the faithful performance of the duties and obligations pertaining to
408 the business so licensed.

409 (c) Each such license shall designate the place where such business
410 is to be carried on and shall be in effect for one year unless sooner
411 suspended or revoked. Such license shall be displayed in a
412 conspicuous location in the place where such business is carried on. At
413 the time of application for such license and each renewal thereof, the
414 applicant shall disclose to the licensing authority all places used or
415 intended to be used by the business for the purchase, receipt, storage
416 or sale of property. During the term of such license, the licensee shall
417 notify the licensing authority of any additional places that will be used
418 by the business for the purchase, receipt, storage or sale of property
419 prior to such use.

420 (d) An application for such license shall be made in writing, under
421 oath. The application shall contain: (1) The type of business to be
422 engaged in, (2) the applicant's full name, age and date and place of
423 birth, (3) the applicant's residence addresses and places of employment
424 within the preceding five years, (4) the applicant's present occupation,
425 (5) any crime of which the applicant has been convicted and the date
426 and place of such conviction, and (6) such additional information as
427 the licensing authority deems necessary to investigate the
428 qualifications, character, competency and integrity of the applicant. If
429 the applicant is a corporation, limited liability company, partnership or
430 association, the application shall contain the information required by
431 this subsection for each individual who is or will be an officer,
432 shareholder, financial backer or creditor, other than a financial
433 institution, of such entity or any other individual with a relationship to
434 such entity similar to that of an officer, shareholder, financial backer or
435 creditor.

436 (e) The application for such license and any renewal thereof shall
437 contain information on any Internet web site or account used by such
438 applicant to conduct the business. During the term of the license, the
439 licensee shall notify the licensing authority, in writing, of the addition
440 or discontinuation of any Internet web sites or accounts used to
441 conduct the business.

442 (f) No license shall be issued under this section by the licensing
443 authority to any person who has been convicted of a felony. The
444 licensing authority may require any applicant, employee or person
445 with an ownership interest in the business to submit to state and
446 national criminal history records checks. Whenever the licensing
447 authority requires such criminal history records checks, such
448 applicant, employee or person shall submit two complete sets of
449 fingerprints on forms prescribed by the licensing authority. Any
450 criminal history records checks required pursuant to this subsection
451 shall be conducted in accordance with section 29-17a of the general
452 statutes. The licensing authority may charge the applicant, employee
453 or person a fee equal to the fees established by the Federal Bureau of
454 Investigation and the State Police Bureau of Identification for
455 performing such criminal history records checks.

456 (g) The licensing authority shall grant or deny an application for a
457 license not later than ninety days after the filing of such application
458 with the licensing authority. A licensee seeking renewal of such license
459 shall file for a renewal at least sixty days before the expiration of such
460 license and the issuing authority shall grant or deny such renewal not
461 later than thirty days from the filing of such application for renewal.
462 Failure of the licensing authority to act on such application or renewal
463 within such period shall be deemed to be a denial.

464 (h) The licensing authority may suspend or revoke any license
465 issued under this section or modify the requirements for such license
466 at any time during the period of the license for good cause shown,
467 upon notice to the licensee and following a hearing, which shall be
468 held not later than five days following the date of issuance of such
469 notice. The licensing authority shall issue a decision not more than
470 fourteen days following any hearing.

471 (i) Any person aggrieved by any action of the licensing authority in
472 denying, suspending, revoking or refusing to renew a license issued
473 pursuant to this section or modifying the requirements for such license
474 may appeal from such action to the Superior Court.

475 (j) Any applicant for a license or renewal thereof may, at the time of
476 the initial application or any time thereafter, apply for an exemption
477 from the provisions of this section for the term of the license or for
478 such shorter period as the licensing authority may determine. The
479 licensing authority may grant such exemption for good cause shown.
480 The licensing authority may, for good cause shown, exempt any
481 person from the provisions of this section who engages in activities
482 otherwise subject to the provisions of this section on an occasional
483 basis.

484 (k) Any person who wilfully engages in the business of a
485 secondhand dealer, unless licensed in accordance with this section, or
486 after notice that such person's license has been suspended or revoked,
487 shall be guilty of a class D felony.

488 Sec. 11. (NEW) (*Effective October 1, 2011*) (a) No secondhand dealer
489 shall take, receive or purchase tangible personal property without
490 receiving proof of the identity of the person selling the property if such
491 person is not a wholesaler. Such identification shall include a
492 photograph, an address, if available on the identification, and an
493 identifying number, including, but not limited to, date of birth.

494 (b) Each secondhand dealer shall maintain a record-keeping system
495 deemed appropriate by the licensing authority which shall be entered
496 in English, at the time the secondhand dealer purchases any article of
497 personal property, a description of such article and the name, the
498 residence address, the proof of identity as required by this section and
499 a general description of the person from whom, and the date and hour
500 when, such property was purchased and in which, if the property does
501 not contain any identifiable numbers or markings, shall be included a
502 digital photograph of such article. Each entry in such record-keeping
503 system shall be numbered consecutively. A tag shall be attached to the
504 article in a visible and convenient place with a number written on such
505 tag corresponding to the entry number in the record-keeping system
506 and shall remain attached to the article until the article is sold or
507 otherwise disposed of, provided the licensing authority shall prescribe

508 procedures authorizing the removal of such tags from articles. Such
509 tag shall be visible in the digital photograph required by this
510 subsection. Such record-keeping system and the place or places where
511 such business is carried on and all articles of property therein may be
512 examined at any time by any state police officer or municipal police
513 officer. Any state police officer or municipal police officer who
514 performs such an examination may require any employee on the
515 premises to provide proof of such employee's identity. All records
516 maintained pursuant to this section shall be retained by the
517 secondhand dealer for not less than two years.

518 (c) Except as provided in subsection (d) of this section, the
519 description of any property purchased by a secondhand dealer under
520 this section shall include, but not be limited to, all distinguishing
521 marks, names of any kind, including brand and model names, model
522 and serial numbers, engravings, etchings, affiliation with any
523 institution or organization, dates, initials, color, vintage or image
524 represented. Any description of audio, video or electronic media of
525 any kind shall also include the title and artist or other identifying
526 information contained on the cover or external surface of such media.

527 (d) The licensing authority may provide for an exemption from the
528 requirements of subsection (c) of this section, or establish additional or
529 different requirements concerning the description of any property
530 purchased by a secondhand dealer, upon consideration of the nature of
531 the property, transaction or business, including, but not limited to,
532 articles in bulk lots or articles of minimal value.

533 (e) (1) Except as provided in subsection (f) of this section, each
534 secondhand dealer shall pay for any property purchased only by check
535 or money order and shall not pay cash for any such property. Any
536 secondhand dealer who pays by check shall retain the electronic copy
537 of such check or other record issued by the financial institution that
538 processed such check, and such copy or record shall be subject to
539 inspection in accordance with this section as part of the record-keeping
540 system.

541 (2) No secondhand dealer shall pay or cash any instrument issued
542 by him or her. The dealer shall indicate on each such instrument the
543 number or numbers associated with such property in the record-
544 keeping system required to be maintained pursuant to this section.

545 (f) Any secondhand dealer who was licensed in any city or town as
546 a pawnbroker pursuant to section 21-40 of the general statutes, as
547 amended by this act, on March 31, 2011, and who continues to hold
548 such license, may pay for property received pursuant to a secondhand
549 dealer license issued in accordance with section 10 of this act in the
550 manner authorized under section 21-42 of the general statutes, as
551 amended by this act, until July 1, 2021, provided such secondhand
552 dealer complies with all other provisions of this section relating to
553 secondhand dealers.

554 (g) No secondhand dealer may purchase any personal property
555 from a minor unless such minor is accompanied by such minor's
556 parent or guardian.

557 (h) Each secondhand dealer shall submit to the licensing authority,
558 weekly, or more frequently as determined by the licensing authority
559 upon consideration of the volume and nature of the business, a sworn
560 statement of his or her transactions, describing the property purchased
561 and setting forth the nature and terms of the transaction and the name
562 and residence address and a description of the person from whom the
563 property was received. Such statement shall be in an electronic format
564 prescribed by the licensing authority. The licensing authority may
565 grant exemptions from the requirement of submitting such statements
566 in an electronic format for good cause shown.

567 (i) No secondhand dealer shall sell or dispose of any personal
568 property acquired in any transaction in the course of business in less
569 than ten days after the date of its receipt. Upon the sale or disposition
570 of such property, such dealer shall, if such property is not sold at retail
571 at the place of business of such dealer, include a record of such sale or
572 disposition in the record-keeping system required by this section.

573 (j) Whenever property is seized from the place of business of a
574 secondhand dealer by a law enforcement officer, such officer shall give
575 such secondhand dealer a duly signed receipt for the property
576 containing a case number, a description of the property, the reason for
577 the seizure, the name and address of the officer, the name and address
578 of the person claiming a right to the property prior to the secondhand
579 dealer and the name of the secondhand dealer. If the secondhand
580 dealer claims an ownership interest in such property, such secondhand
581 dealer may request the return of such property by filing a request for
582 such property with the law enforcement agency in accordance with the
583 provisions of section 54-36a of the general statutes. If the seller of any
584 property purchased by a secondhand dealer is convicted of any offense
585 arising out of such secondhand dealer's acquisition of the property and
586 the secondhand dealer suffered an economic loss as a result of such
587 offense, the court may, at the time of sentencing, order restitution to
588 the secondhand dealer pursuant to subsection (c) of section 53a-28 of
589 the general statutes, which order may be enforced in accordance with
590 section 53a-28a of the general statutes.

591 (k) Any person who violates any provision of this section shall be
592 guilty of a class A misdemeanor.

593 Sec. 12. Section 21-100 of the general statutes is repealed and the
594 following is substituted in lieu thereof (*Effective October 1, 2011*):

595 (a) No person may engage in or carry on the business of purchasing
596 gold or gold-plated ware, silver or silver-plated ware, platinum ware,
597 watches, jewelry, precious stones, bullion or coins unless such person
598 is licensed by the [chief of police or, if there is no chief of police, the
599 first selectman] licensing authority of the municipality in which such
600 person intends to carry on such business; except that the provisions of
601 this subsection shall not apply to the purchase of such items from a
602 wholesaler by a manufacturer or retail seller whose primary place of
603 business is located in this state. Such person shall pay an annual fee of
604 ten dollars for such license. The license may be revocable for cause,
605 which shall include, but not be limited to, failure to comply with any

606 requirements for licensure specified by the licensing authority at the
607 time of issuance. [A chief of police or first selectman] The licensing
608 authority shall refuse to issue a license under this subsection to a
609 person who has been convicted of a felony [. A chief of police or first
610 selectman] and may require any applicant for a license to submit to
611 state and national criminal history records checks. If the [chief of police
612 or first selectman] licensing authority requires such criminal history
613 records checks, such checks shall be conducted in accordance with
614 section 29-17a. For the purposes of this subsection "wholesaler" means
615 a person in the business of selling tangible personal property to be
616 resold at retail or raw materials to be manufactured into suitable forms
617 for use by consumers.

618 (b) Any person who wilfully engages in the business of a precious
619 metals or stones dealer, unless licensed in accordance with this section
620 or after notice that such person's license has been suspended or
621 revoked, shall be guilty of a class D felony.

622 [(b)] (c) Each such [licensed person] licensee shall keep a record in
623 which [he] such licensee shall note at the time of each transaction a
624 description of the [goods] property purchased and the price paid for
625 them, the name and address of the person selling the goods and the
626 date and hour any such [goods were] property was received. Each
627 such [licensed person] licensee shall demand positive identification
628 from the person selling the article and the type or form of
629 identification received shall be noted in the record. Any state police
630 officer or municipal police officer shall have access to the record
631 required to be kept under this section and may inspect the place where
632 the business is carried on as well as any goods purchased or received.
633 The licensee shall maintain a place of business within this state, at
634 which the goods purchased or received and the required records shall
635 be available for such inspection.

636 [(c)] (d) No [such licensed person] licensee may purchase any
637 [goods] property from a minor unless such minor is accompanied by a
638 parent or guardian.

639 (e) Each such [licensed person] licensee may only pay for [goods]
640 property received by check [, draft] or money order and no cash shall
641 be transferred to either party in the course of a transaction subject to
642 the provisions of this section. Any licensee who pays cash or cashes a
643 check or money order shall be guilty of a class A misdemeanor. No
644 licensee may advertise that he or she will pay for property received
645 with cash.

646 [(d)] (f) At the time of making any purchase each [licensed person]
647 licensee shall deliver to the person selling [goods] property a receipt
648 containing the information required to be recorded in subsection [(b)]
649 (c) of this section, the amount paid for any [goods] property sold and
650 the name and address of the purchaser.

651 [(e)] (g) Upon request of the licensing authority each such [licensed
652 person] licensee shall make a weekly sworn statement, describing the
653 goods received and setting forth the name and address of each person
654 from whom goods were purchased, to the [chief of police or first
655 selectman] licensing authority of each municipality in which [he] the
656 licensee transacted business that week. Such sworn statement shall not
657 be deemed public records for the purposes of the Freedom of
658 Information Act, as defined in section 1-200.

659 [(f)] (h) Any person who violates any provision of this section, for
660 which no other penalty is provided, shall be fined not more than one
661 thousand dollars.

662 Sec. 13. Section 21-9 of the general statutes is repealed and the
663 following is substituted in lieu thereof (*Effective October 1, 2011*):

664 As used in this chapter, "junk dealer" means any person who
665 engages in business as a dealer and trader in junk, old metals, scrap,
666 rags, waste paper or other secondhand articles that are no longer
667 serviceable for their original manufactured purpose, and "junk yard"
668 means any place in or on which old metal, glass, paper, cordage or
669 other waste or discarded or secondhand material, which has not been a
670 part, or is not intended to be a part, of any motor vehicle, is stored or

671 deposited.

672 Sec. 14. Section 21-11 of the general statutes is repealed and the
673 following is substituted in lieu thereof (*Effective October 1, 2011*):

674 Any person desiring to engage in business as a dealer [and trader in
675 secondhand bicycles,] in junk, metals or other secondhand articles that
676 are no longer serviceable for their original manufactured purpose in
677 any town, city or borough shall make application to the selectmen of
678 such town, the mayor or chief of police of such city or the warden of
679 such borough, as the case may be, for a license to transact such
680 business within the limits of such town, city or borough, and the
681 selectmen of such town, the mayor or chief of police of such city or the
682 warden of such borough shall issue such licenses to such suitable
683 persons as apply [therefor] for such licenses and may revoke any such
684 license for cause; but the selectmen shall not grant any such license for
685 the carrying on of such business within the limits of any city or
686 borough, and the persons so licensed shall pay, for the benefit of any
687 such town, city or borough, to the authority granting the license, not
688 less than two nor more than ten dollars [therefor] for the license, to be
689 determined by the authority granting the license, and for renewal of
690 such license ten dollars per year. Each license granted under the
691 provisions of this section shall designate the place where such business
692 is to be carried on, and shall continue for one year unless sooner
693 revoked. Each such dealer shall keep a book in which shall be written
694 in English a description of such articles and the name and residence
695 and a general description of the person from whom, and the time and
696 hour when, such property was received; and such book, and all articles
697 of property mentioned [therein] in such book, and the place where
698 such business is carried on, may be examined at any time by the
699 selectmen of the town or any person designated by [them] such
700 selectmen, and, in any city or borough, by the chief of police of such
701 city or borough or any person [by him] designated by the chief. Each
702 such dealer shall make, weekly, sworn statements of all his or her
703 transactions under such license, describing the goods received and
704 setting forth the name and residence and a description of the person

705 from whom such goods were received, to the chief of police in the case
 706 of cities or boroughs and, in other cases, to the town clerk of the town
 707 in which such junk dealer resides, and shall keep all goods at least five
 708 days after the filing of such statement. Any person who wilfully
 709 engages in the business of a junk dealer, unless licensed in accordance
 710 with this section or after notice that such person's license has been
 711 suspended or revoked, shall be guilty of a class D felony.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2011	New section
Sec. 2	October 1, 2011	21-39
Sec. 3	October 1, 2011	21-40
Sec. 4	October 1, 2011	21-41
Sec. 5	October 1, 2011	21-42
Sec. 6	October 1, 2011	21-43
Sec. 7	October 1, 2011	21-45
Sec. 8	October 1, 2011	21-46a
Sec. 9	October 1, 2011	21-47
Sec. 10	October 1, 2011	New section
Sec. 11	October 1, 2011	New section
Sec. 12	October 1, 2011	21-100
Sec. 13	October 1, 2011	21-9
Sec. 14	October 1, 2011	21-11

Statement of Legislative Commissioners:

In section 1(2), "Precious metals dealer" was changed to "Precious metals or stones dealer" and "and licensed under section 21-100 of the general statutes, as amended by this act" was deleted for accuracy and statutory consistency; provisions were rephrased in section 3(a) and (g), 10(b) and (g) and 11(h) for clarity; the reference to section 21-39 in section 11(f) was changed to 21-40 for accuracy; and technical revisions were made for clarity and consistency.

PS *Joint Favorable Subst. C/R*

JUD

JUD *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Public Safety, Dept.	GF - Revenue Gain	Less than 10,000	Less than 10,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
Various Municipalities	Revenue Gain	Less than 10,000	Less than 10,000

Explanation

The bill results in a revenue gain of less than \$10,000 for the Department of Public Safety and various municipalities by creating a secondhand dealer license. Under the bill, the licensing authority, which is either the chief of police of the municipality or the Commissioner of Public Safety in lieu of a police department, shall charge secondhand dealers a fee of \$250 for the initial license and \$100 for the yearly renewal. The pawnbroker license renewal fee of \$25 would not be charged if the pawnbroker license holder also has a secondhand license.

The Out Years

The fiscal impact remains the same in the out years, pending any change in the license fee structure.

OLR Bill Analysis**sHB 5795*****AN ACT CONCERNING THE LICENSING AND RECORD KEEPING OF PAWNBROKERS, SECONDHAND DEALERS AND PRECIOUS METALS OR STONES DEALERS, THE RETENTION OF CERTAIN GOODS AND CERTAIN FEES CHARGED BY PAWNBROKERS.*****SUMMARY:**

This bill makes numerous changes in the statutes governing pawnbrokers and dealers in precious metals and stones. It also creates a secondhand dealer license (that has substantially similar requirements as for pawnbrokers) and specifies what a junk dealer's secondhand articles are.

The bill creates additional requirements on pawnbrokers for (1) license applications, (2) record-keeping, (3) payment, (4) reports, and (5) property sales. It also adds additional penalties and requires precious metals and stones dealers to maintain a business place in Connecticut.

The bill makes the licensing authority the same for pawnbrokers, secondhand dealers, and precious metals and stones dealers. It also defines these occupations and other related terms and makes numerous minor, technical, and conforming changes.

EFFECTIVE DATE: October 1, 2011

LICENSING AUTHORITY

The bill makes the licensing authority the same for pawnbrokers, precious metals and stones dealers, and secondhand dealers. The bill makes the licensing authority the police chief, and for any city or town that does not have an organized local police department, the public safety commissioner. Currently, the licensing authority for pawnbrokers and precious metals and stones dealers is a town's

selectmen or a city's police chief.

PAWNBROKER

License

The bill allows the licensing authority to suspend, not just revoke, a pawnbroker's license for cause. It specifies "cause" to include failing to comply with any licensing requirements specified at the time of issuance.

License Fee and Bond Requirements. It allows the public safety commissioner to collect the \$50 licensing fee and \$25 renewal fee if he is the licensing authority. It exempts pawnbrokers who are also secondhand dealers from renewal fees and bond requirements. The law requires pawnbrokers to file with the licensing authority a bond with a competent surety in the penal sum of \$2,000.

The bill requires pawnbrokers to display the license in a conspicuous location at their business place. When applying for, or renewing a license, the applicant must disclose all places he or she used or intends to use to buy, receive, store, or sell property. During the term of the license, the licensee must notify the licensing authority of any additional places prior to such use.

Applications. The bill specifies that license applications must be in writing, under oath, and contain:

1. the type of business to be engaged in;
2. the applicant's full name, age, and date and place of birth;
3. the applicant's home addresses and places of employment for the preceding five years;
4. the applicant's present occupation;
5. any criminal conviction, including the date and place; and
6. any additional information the licensing authority needs to

investigate the applicant's qualifications, character, competency, and integrity.

The application of a corporation, limited liability company, partnership, or association must contain the information required for each individual who is or will be an officer, shareholder, financial backer, or creditor, other than a financial institution.

The application and any renewal application must also include information on any Internet website or account used to conduct the business. The licensee, during the license term, must notify the licensing authority in writing when it adds or discontinues any Internet website or account.

Background Checks. The bill allows the licensing authority to require any applicant, employee, or person with ownership interest to submit to a state and national criminal history check. Current law allows the licensing authority to require criminal history checks only on the applicant. The bill requires that whenever a criminal history check is required, the individual must submit two fingerprint sets. The bill also allows the licensing authority to charge a fee equal to the fees established by the FBI and the State Police Bureau of Identification for performing criminal history records checks.

License Approval. The licensing authority must grant or deny an application within 90 days after it is filed. The licensee must file for renewal at least 60 days before the expiration of the license. The licensing authority must grant or deny the renewal within 30 days of the filing. If the licensing authority does not act within the specified time, it will be deemed as a denial. The licensing authority may suspend, revoke, or modify any license at any time during the license period for good cause, upon notice and followed by a hearing. The licensing authority must hold a hearing within five days of the notice being issued and decide within 14 days after the hearing. A person may appeal to the Superior Court a denial, suspension, revocation modification, or refusal to renew a license.

Record-keeping

Identification. The law requires pawnbrokers to receive proof of identity from a person depositing, pledging, or selling property. The identification must include a photograph and address, and if available on the identification, an identifying number. The bill adds date of birth. The bill changes the penalty for first time offenders who willfully violate this section, from an infraction to a class A misdemeanor, which is punishable by up to a year in prison or a fine of up to \$2,000, or both. The bill also prohibits pawnbrokers from transacting business with a minor unless the minor is accompanied by a parent or guardian.

Record-Keeping system. The bill requires pawnbrokers to maintain a computerized record-keeping system that the licensing authority deems appropriate. The law currently requires an approved record-keeping system, but it does not have to be computerized. The bill requires a digital photograph of property that does not have any identifiable numbers or markings. It also requires every entry in the record-keeping system to be consecutively numbered. A tag must be attached to the article in a visible and convenient place with a number corresponding to the entry number in the record-keeping system. The tag must remain attached to the article until it is sold or disposed of. The tag must be visible in the digital photograph. The licensing authority must establish procedures authorizing the removal of the tags, including for jewelry that is cleaned and repaired on the premises. The records must be maintained for at least two years.

The pawnbroker's description of any property received must include (1) all distinguishing marks, (2) names of any kind, (3) brand and model names, (4) model and serial numbers, (5) engraving, (6) etchings, (7) affiliation with any institution or organization, (8) dates, (9) initials, (10) color, and (11) vintage, or image represented. Any description of audio, video, or electronic media must include the title and artist or other identifying information from its cover. The licensing authority may exempt or establish additional or different requirements depending on the nature of the property, transaction, or

business, including articles in bulk lots or with minimal value.

Memorandum or Note

The law requires pawnbrokers to give the person who deposits, pledges, or sells his or her property a memorandum or note with the entry from the record-keeping system. This bill requires that the memorandum or note also include a copy of a statement signed by the person stating he or she is the rightful owner of the property with the right to enter into the transaction, and that the property is not stolen and does not have any liens or encumbrances against it. The note must also state that the person will indemnify and hold harmless the pawnbroker for any loss arising from the transaction because of a superior right of possession to the property residing with someone else. Pawnbrokers may charge the person a fee for costs associated with the transaction.

Payment

The bill requires any check, draft, or money order to contain numbers associated with the property in the record-keeping system. The pawnbroker must keep the electronic copy of any check payment, which is subject to inspection as part of the record-keeping system.

The law requires pawnbrokers to make payments only by check, draft, or money order; never by cash. However, a pawnbroker can cash a check, draft, or money order he or she issues to a person. The bill prohibits pawnbrokers from cashing any check, draft, or money order over \$1,000 and prohibits a person from structuring his or her transactions to avoid it. Any transaction between the pawnbroker and the same party within a 24-hour period will be aggregated and considered a single transaction for this purpose.

Weekly Report

The law requires pawnbrokers to electronically submit weekly sworn statements of their transactions to the licensing authority. It allows the licensing authority to require more frequent reports and to grant exemptions for electronic filing for good cause.

The bill increases the penalty for willfully failing to file a report from a fine of up to \$100 to a class A misdemeanor, punishable by up to a \$2,000 fine, up to one year in jail, or both.

Sale of Pledged Property

The law requires pawnbrokers to keep personal property left with them for two months. The bill changes the time period to 60 days. It also specifies that if the property is not redeemed within 60 days the pawnbroker acquires the entire interest in the property without further notice to the person.

The bill also eliminates the requirement that pawnbrokers place an advertisement in the local newspaper at least two days before selling items.

Seizure of Property by Law Enforcement Officers

The law requires a law enforcement officer, when seizing property from a pawnshop, to give the pawnbroker a duly signed receipt for the seized property containing:

1. a case number,
2. a description of the property,
3. the reason for the seizure,
4. the name and address of the officer,
5. the name and address of the person claiming a right to the property other than the pawnbroker, and
6. the pawnbroker's name.

If the pawnbroker claims ownership interest in the property, he or she may request its return by filing a request with the law enforcement agency in accordance with the seized property procedures. The bill applies these property seizure requirements to precious metals and stones dealers and secondhand dealers. It also allows the court to

order restitution if the person who deposited the property is convicted of an offense arising out of the licensee's acquisition of the property and the licensee suffered an economic loss as a result.

Penalties

Currently, anyone who engages in the pawnbroker business without a license (1) is guilty of a class D felony, which is punishable by one to five years in prison, a fine of up to \$ 5,000, or both, and (2) forfeits triple the amount loaned on the pledged property to any person who is injured and then sues.

The bill requires that an individual act willfully to be guilty of engaging in the pawnbroker business without a license and eliminates the triple damages provision.

SECONDHAND DEALER

License

The bill creates a secondhand dealer license, which is substantially similar to the pawnbroker license. The licensing authority may grant secondhand dealer licenses to any suitable person with a fixed place of business within the town or city limits. This does not apply to transactions involving the purchase of personal property from a person who is not a wholesaler for the purpose of resale or exchange by a (1) charitable or religious corporation or (2) person conducting garage, yard, tag, or estate sales if they are conducted entirely at a private residence and do not last longer than 72 hours during any six-month period.

The bill requires a secondhand dealer to pay a licensing fee of \$250 and an annual \$150 renewal fee. The secondhand dealer must also file a \$10,000 performance bond with the city or town, with competent surety, to be approved by the licensing authority.

It requires the license to (1) designate the place where the business is located and (2) be displayed in a conspicuous location in the place of business. At the time of application or renewal, the applicant must disclose all places used or intended to be used for the purchase,

receipt, storage, or sale of property. During the term of the license, the licensee must notify the licensing authority of any additional places prior to such use.

An application for a secondhand license must be made in writing and under oath. It must include:

1. the type of business to be engaged in;
2. the applicant's full name, age, and date and place of birth;
3. the applicant's home addresses and places of employment for the preceding five years;
4. the applicant's present occupation;
5. any criminal conviction and the date and place of the conviction; and
6. any additional information the licensing authority feels is necessary to investigate the applicant's qualifications, character, competency, and integrity.

If the applicant is a corporation, limited liability company, partnership, or association, the application must contain the information required for each individual who is or will be an officer, shareholder, financial backer, or creditor, other than a financial institution.

The license application or renewal must include information on any Internet website or account used to conduct the business. The licensee, during the term of the license, must notify the licensing authority in writing when it adds or discontinues any Internet website or account.

The bill prohibits convicted felons from obtaining a license and allows the licensing authority to require any applicant, employee, or person with ownership interest to submit to a state and national criminal history check. Under the bill, the criminal history check, license and renewal application, and hearing and appeal requirements

are the same as for pawnbrokers.

Anyone can apply for an exemption from the term of the license or for a shorter period as the licensing authority may determine for good cause. Also for good cause, the licensing authority may exempt an individual from the licensing requirements.

Anyone who willfully engages in the business of a secondhand dealer without a license is guilty of a class D felony.

Record-keeping

The bill requires secondhand dealers to receive proof of identity before buying property from any person, unless he is a wholesaler. The identification must include a photograph; an address, if available on the identification; an identifying number; and date of birth.

It also requires the secondhand dealer to maintain a record-keeping system deemed appropriate by the licensing authority, which must be entered in English at the time of purchase. It must also include a description of the article and the name, the home address, the proof of identity, and a general description of the person, and the date and hour when the property was purchased. If the property does not contain any identifiable numbers or markings, a digital photograph must be included. It also requires every entry in the record-keeping system to be consecutively numbered.

A tag must be attached to the article in a visible and convenient place with a number on the tag corresponding to the entry number in the record-keeping system. The tag must remain attached to the article until it is sold or disposed of and be visible in the digital photograph. The licensing authority must establish procedures authorizing the removal of the tags. The state police or municipal police officer may, at any time, examine the record-keeping system and the place where business is carried on, including all articles within the property. Law enforcement officers may require any employee on the premises to provide proof of identity. The records must be maintained for at least two years.

The secondhand dealer's description of any property received must include the same information required of pawnbrokers.

The licensing authority may exempt or establish additional or different requirements depending on the nature of the property, including articles in bulk lots or with minimal value.

Payment

The bill prohibits secondhand dealers from paying for property with cash; it allows payment only by check or money order. The secondhand dealer must also, when paying by check, retain the electronic copy or other record issued by the financial institution, which is subject to police inspection.

It prohibits a secondhand dealer from paying cash or cashing any instrument that he or she issued. The dealer must indicate on the instrument the number or numbers associated with the property in the record-keeping system.

The bill allows a secondhand dealer who was licensed as a pawnbroker as of March 31, 2011 and who continues to hold such license to pay for property received under the pawnbroker statutes until July 1, 2021.

No secondhand dealer may buy property from a minor not accompanied by a parent or guardian.

Weekly Report

Each secondhand dealer must report to the licensing authority at least weekly, as determined by the licensing authority. The report is a sworn statement of transactions describing the property purchased. This may include the nature and terms of the transaction, the name and home address, and description of the person from whom the property was received. The report must be in an electronic format, unless good cause is shown.

Sale of Property

No secondhand dealer can sell property within 10 days of receipt. If the property is sold outside of the retail place of business, the secondhand dealer must include a record of the sale in the record-keeping system.

The procedures for a law enforcement officer seizing property are the same as for pawnbrokers.

Penalties

Any person who violates these secondhand dealer requirements is guilty of a class A misdemeanor.

PRECIOUS METALS AND STONES DEALERS

The bill adds bullions to the list of items a metals dealer may sell.

It makes willfully engaging in precious metals and stones dealing without a license a class D felony.

It also requires licensees to maintain a Connecticut business place, where the goods purchased and records are to be available for inspection.

The bill (1) eliminates the option of paying for property by a draft, (2) makes paying cash or cashing checks or money orders a class A misdemeanor, and (3) prohibits licensees from advertising that they will pay for property with cash; violators can be fined up to \$1,000.

JUNK DEALERS

The bill defines a junk dealer as someone who deals in secondhand articles that are no longer serviceable for their original manufactured purpose.

It makes willfully engaging in the junk dealer business without being properly licensed a class D felony.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute Change of Reference
Yea 23 Nay 0 (03/15/2011)

Judiciary Committee

Joint Favorable
Yea 45 Nay 0 (04/14/2011)