



House of Representatives

File No. 858

General Assembly

January Session, 2011

(Reprint of File No. 703)

Substitute House Bill No. 5795
As Amended by House Amendment
Schedules "A" and "B"

Approved by the Legislative Commissioner
May 31, 2011

**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 primarily engaged
15 in the business of purchasing personal property of any type from a
16 person who is not a wholesaler, for the purpose of reselling or
17 exchanging such property, and has physical possession of such
18 property, other than an antiques dealer, art dealer, coin and stamp
19 dealer, precious metals or stones dealer, pawnbroker, consignment
20 shop operator, special collectibles dealer, musical instrument dealer,
21 used book dealer, dealer in motor vehicles as described in chapter 246
22 of the general statutes, auctioneer as described in chapter 403 of the
23 general statutes, junk dealer, as defined in section 21-9 of the general
24 statutes, as amended by this act, scrap metal processor, as defined in
25 section 14-67w of the general statutes, recycling facility, as defined in
26 section 22a-207 of the general statutes, bona fide charitable or religious
27 corporation, or any retailer that is primarily engaged in the business of
28 selling new items but also gives consideration other than cash in
29 exchange for one or more items traded in to such retailer;

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

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

37 (6) "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 (7) "Consignment shop operator" means a person who is primarily
42 engaged in the business of selling personal property as the agent of
43 another person who has placed such property in the physical
44 possession of the agent when such other person has not been paid for

45 such property, retains legal title to such property and bears the risk of
46 loss until such property is sold to a third person;

47 (8) "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, excluding antiques, coins,
57 stamps, works of art, books, jewelry or precious metals;

58 (9) "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 (10) "Used book dealer" means a person who is primarily engaged
62 in the business of buying and selling books previously sold at retail
63 from persons other than a publisher or wholesaler;

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

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

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

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

75 No person [, corporation, limited liability company or partnership]
76 shall, in any city or town of this state, engage in or carry on the
77 business of [loaning money upon deposits or pledges of wearing
78 apparel, jewelry, ornaments, household goods or other personal
79 property, or of purchasing such property on condition of selling the
80 same back again at a stipulated price, unless such person, corporation,
81 limited liability company or partnership is licensed as] a pawnbroker
82 unless such person is licensed in accordance with section 21-40, as
83 amended by this act; but the provisions of this chapter shall apply only
84 if such property is deposited with a lender, and shall not apply to
85 loans made upon stock, bonds, notes or other written or printed
86 evidence of ownership of property or of indebtedness to the holder or
87 owner of any such securities.

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

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

102 (b) The person so licensed shall pay, for the benefit of any such city
103 or town, respectively, or if the licensing authority of such city or town
104 is the Commissioner of Public Safety, for the benefit of the Department
105 of Public Safety, to the licensing authority [granting such license] a
106 license fee of fifty dollars, and twenty-five dollars per year thereafter
107 for renewal of such license, and shall, at the time of receiving such

108 license, file, with the [mayor of such city or the first selectman]
109 licensing authority of such city or town, a bond to such city or town,
110 with competent surety, in the penal sum of two thousand dollars, to be
111 approved by such licensing authority, and conditioned for the faithful
112 performance of the duties and obligations pertaining to the business so
113 licensed, unless such person is also licensed as a secondhand dealer in
114 accordance with section 10 of this act, in which case the licensing
115 authority shall waive the payment of renewal fees and filing of a bond
116 required by this subsection.

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

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

142 such entity similar to that of an officer, shareholder, financial backer or
143 creditor.

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

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

167 (g) The licensing authority shall grant or deny an application for a
168 license not later than ninety days after the filing of such application
169 with the licensing authority. A licensee seeking renewal of such license
170 shall file an application for renewal at least sixty days before the
171 expiration of such license and the licensing authority shall grant or
172 deny such renewal not later than thirty days after the filing of such
173 application for renewal. Failure of the licensing authority to act on
174 such initial application or renewal application within the applicable

175 period specified in this subsection shall be deemed to be a denial. The
176 licensing authority may suspend, revoke or modify any license issued
177 under this section at any time during the period of the license for good
178 cause shown, upon notice to the licensee and following a hearing. The
179 licensing authority shall hold any such hearing not later than five days
180 after the date of issuance of such notice, and shall issue a decision not
181 more than fourteen days after any hearing. Any person aggrieved by
182 any action of the licensing authority in denying, suspending, revoking,
183 modifying or refusing to renew a license issued pursuant to this
184 section may appeal from such action to the Superior Court.

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

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

203 (b) Each such pawnbroker [or person carrying on such business of
204 loaning money on the deposit or pledge of personal property or of
205 purchasing such property on condition of selling the same back again
206 at a stipulated price or of purchasing such property from a person who
207 is not a wholesaler] shall maintain a computerized record-keeping

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

239 (c) Except as provided in subsection (d) of this section, the
240 description of any property received by a pawnbroker under this
241 section shall include, but shall not be limited to, all distinguishing

242 marks, names of any kind, including brand and model names, model
243 and serial numbers, engravings, etchings, affiliation with any
244 institution or organization, dates, initials, color, vintage or image
245 represented. Any description of audio, video or electronic media of
246 any kind shall also include the title and artist or any other identifying
247 information contained on the cover or external surface of such media.

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

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

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

275 for the property and any appraisal of the property. Each such
276 pawnbroker shall pay for any property received by [pawn] deposit,
277 pledge or purchase only by check, draft or money order and shall not
278 pay cash for any such property except when the pawnbroker cashes a
279 check, draft or money order for the person who is [pawning]
280 depositing, pledging or selling the property. When the pawnbroker
281 cashes a check, draft or money order, [he] such pawnbroker shall
282 require proof of the identity of the person presenting the check, draft
283 or money order in accordance with subsection (a) of section 21-41, as
284 amended by this act. [Any person who wilfully violates any provision
285 of this section shall be guilty of a class A misdemeanor.]

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

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

303 Each [such] pawnbroker shall [make, weekly] submit to the
304 licensing authority, weekly, or more frequently as determined by the
305 licensing authority upon consideration of the volume and nature of the
306 business, a sworn statement of his or her transactions, describing the
307 [goods] property received and setting forth the nature and terms of

308 each transaction and the name and residence address and a description
309 of the person from whom the [goods were] property was received. [, to
310 the chief of police in cases of cities and boroughs, and in other cases to
311 the town clerk of the town in which such pawnbroker resides. Any
312 such pawnbroker who wilfully fails to make the report required by this
313 section shall be fined not more than one hundred dollars.] Such
314 statement shall be in an electronic format prescribed by the licensing
315 authority. The licensing authority may grant an exemption from the
316 requirement of submitting such statement in electronic format for good
317 cause shown.

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

320 No pawnbroker shall sell or dispose of any personal property left
321 with [him] such pawnbroker in deposit or pledge for money loaned or
322 as a result of the purchase of such property on condition of selling the
323 same back again at a stipulated price in less than [two months] sixty
324 days from the [day] date when the same is left in deposit or pledge [as
325 aforesaid] or purchased on condition of selling the same back again at
326 a stipulated price, except when such sale or disposition is to the person
327 who deposited, pledged or sold such property or an authorized agent
328 of such person. All such property may be sold or disposed of at the
329 [premises] place of business of such pawnbroker or at public sale after
330 [advertisement in a daily newspaper published in the town in which
331 such pawnbroker carries on business, at least once two days before the
332 date of the sale or sales, which advertisement shall state the numbers
333 of the pledge tickets representing the property offered for sale, and the
334 date or dates when such tickets were issued.] such sixty-day period.
335 Upon the expiration of sixty days from the date when such property is
336 left with a pawnbroker, if the person who deposited or pledged such
337 property fails to redeem any such property in accordance with the
338 terms of the transaction, such right of redemption or repurchase on the
339 part of the person who deposited or pledged such property shall be
340 extinguished and the pawnbroker shall acquire the entire interest in
341 the property that was held by the person who deposited or pledged

342 such property prior to such deposit or pledge without further notice to
343 such person.

344 Sec. 8. Section 21-46a of the general statutes is repealed and the
345 following is substituted in lieu thereof (*Effective October 1, 2011*):

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

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

370 (a) Any person [, corporation, limited liability company or
371 partnership which] who wilfully engages in the business of a
372 pawnbroker, [or in any business described in section 21-39,] unless
373 licensed according to law, or after notice that [its] his or her license has

374 been suspended or revoked, shall be guilty of a class D felony; [, and
375 also shall forfeit treble the amount loaned on the property so pledged
376 to any person injured thereby who sues therefor.]

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

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

400 (b) Any person granted a license under subsection (a) of this section
401 shall pay, for the benefit of the city or town, respectively, or if the
402 licensing authority is the Commissioner of Public Safety, for the benefit
403 of the Department of Public Safety, to the licensing authority a license
404 fee of two hundred fifty dollars, and one hundred dollars per year
405 thereafter, for renewal of such license, and shall, at the time of
406 receiving such license, file, with the licensing authority, a bond to such

407 city or town, with competent surety, in the amount of ten thousand
408 dollars, to be approved by such licensing authority and conditioned
409 for the faithful performance of the duties and obligations pertaining to
410 the business so licensed.

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

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

438 (e) The application for such license and any renewal thereof shall
439 contain information on any Internet web site or account used by such

440 applicant to conduct the business. During the term of the license, the
441 licensee shall notify the licensing authority, in writing, of the addition
442 or discontinuation of any Internet web sites or accounts used to
443 conduct the business.

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

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

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

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

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

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

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

496 (b) Each secondhand dealer shall maintain a record-keeping system
497 deemed appropriate by the licensing authority which shall be entered
498 in English, at the time the secondhand dealer purchases any article of
499 personal property, a description of such article and the name, the
500 residence address, the proof of identity as required by this section and
501 a general description of the person from whom, and the date and hour
502 when, such property was purchased and in which, if the property does
503 not contain any identifiable numbers or markings, shall be included a
504 digital photograph of such article. Each entry in such record-keeping

505 system shall be numbered consecutively. A tag shall be attached to the
506 article in a visible and convenient place with a number written on such
507 tag corresponding to the entry number in the record-keeping system
508 and shall remain attached to the article until the article is sold or
509 otherwise disposed of, provided the licensing authority shall prescribe
510 procedures authorizing the removal of such tags from articles. Such
511 tag shall be visible in the digital photograph required by this
512 subsection. Such record-keeping system and the place or places where
513 such business is carried on and all articles of property therein may be
514 examined at any time by any state police officer or municipal police
515 officer. Any state police officer or municipal police officer who
516 performs such an examination may require any employee on the
517 premises to provide proof of such employee's identity. All records
518 maintained pursuant to this section shall be retained by the
519 secondhand dealer for not less than two years.

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

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

535 (e) (1) Except as provided in subsection (f) of this section, each
536 secondhand dealer shall pay for any property purchased only by check
537 or money order and shall not pay cash for any such property. Any

538 secondhand dealer who pays by check shall retain the electronic copy
539 of such check or other record issued by the financial institution that
540 processed such check, and such copy or record shall be subject to
541 inspection in accordance with this section as part of the record-keeping
542 system.

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

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

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

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

569 (i) No secondhand dealer shall sell or dispose of any personal

570 property acquired in any transaction in the course of business in less
571 than ten days after the date of its receipt. Upon the sale or disposition
572 of such property, such dealer shall, if such property is not sold at retail
573 at the place of business of such dealer, include a record of such sale or
574 disposition in the record-keeping system required by this section.

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

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

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

597 (a) No person may engage in or carry on the business of purchasing
598 gold or gold-plated ware, silver or silver-plated ware, platinum ware,
599 watches, jewelry, precious stones, bullion or coins unless such person
600 is licensed by the [chief of police or, if there is no chief of police, the
601 first selectman] licensing authority of the municipality in which such

602 person intends to carry on such business; except that the provisions of
603 this subsection shall not apply to the purchase of such items from a
604 wholesaler by a manufacturer or retail seller whose primary place of
605 business is located in this state. Such person shall pay an annual fee of
606 ten dollars for such license. The license may be revocable for cause,
607 which shall include, but not be limited to, failure to comply with any
608 requirements for licensure specified by the licensing authority at the
609 time of issuance. [A chief of police or first selectman] The licensing
610 authority shall refuse to issue a license under this subsection to a
611 person who has been convicted of a felony [. A chief of police or first
612 selectman] and may require any applicant for a license to submit to
613 state and national criminal history records checks. If the [chief of police
614 or first selectman] licensing authority requires such criminal history
615 records checks, such checks shall be conducted in accordance with
616 section 29-17a. For the purposes of this subsection "wholesaler" means
617 a person in the business of selling tangible personal property to be
618 resold at retail or raw materials to be manufactured into suitable forms
619 for use by consumers.

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

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

636 which the goods purchased or received and the required records shall
637 be available for such inspection.

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

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

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

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

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

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

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

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

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

700 such business is carried on, may be examined at any time by the
 701 selectmen of the town or any person designated by [them] such
 702 selectmen, and, in any city or borough, by the chief of police of such
 703 city or borough or any person [by him] designated by the chief. Each
 704 such dealer shall make, weekly, sworn statements of all his or her
 705 transactions under such license, describing the goods received and
 706 setting forth the name and residence and a description of the person
 707 from whom such goods were received, to the chief of police in the case
 708 of cities or boroughs and, in other cases, to the town clerk of the town
 709 in which such junk dealer resides, and shall keep all goods at least five
 710 days after the filing of such statement. Any person who wilfully
 711 engages in the business of a junk dealer, unless licensed in accordance
 712 with this section or after notice that such person's license has been
 713 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	<i>October 1, 2011</i>	New section
Sec. 2	<i>October 1, 2011</i>	21-39
Sec. 3	<i>October 1, 2011</i>	21-40
Sec. 4	<i>October 1, 2011</i>	21-41
Sec. 5	<i>October 1, 2011</i>	21-42
Sec. 6	<i>October 1, 2011</i>	21-43
Sec. 7	<i>October 1, 2011</i>	21-45
Sec. 8	<i>October 1, 2011</i>	21-46a
Sec. 9	<i>October 1, 2011</i>	21-47
Sec. 10	<i>October 1, 2011</i>	New section
Sec. 11	<i>October 1, 2011</i>	New section
Sec. 12	<i>October 1, 2011</i>	21-100
Sec. 13	<i>October 1, 2011</i>	21-9
Sec. 14	<i>October 1, 2011</i>	21-11

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.

House "A" clarifies the definition of "secondhand dealer" as those "primarily" engaged in the business of purchasing personal property for the purpose of reselling or exchanging such property. This clarification reduces the number of people who would be defined as a "secondhand dealer" and minimally reduces the revenue generated by the fees associated with secondhand dealer licenses.

House "B" further clarifies the definition of "secondhand dealer" to

exclude retailers that are primarily engaged in the business of selling new items but also give consideration other than cash for traded items. This clarification also reduces the number of people who would be defined as a “secondhand dealer” and minimally reduces the revenue generated by the fees associated with secondhand dealer licenses.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, pending any change in the license fee structure.

OLR Bill Analysis**sHB 5795 (as amended by House "A" and "B")******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.

*House Amendment "A" amends the secondhand dealer definition by adding the word "primarily" to specify the dealer is primarily engaged in the business of purchasing property from someone who is not a wholesaler.

*House Amendment "B" (1) amends the secondhand dealer definition to exclude retailers that sell new items but give

consideration other than cash for traded items and (2) makes a technical change.

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 the places where 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 license expires. 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 a 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

Definition

A "secondhand dealer" is anyone primarily engaged in the business of purchasing personal property from a person who is not a wholesaler, for the purpose of reselling or exchanging the property, and has physical possession of the property.

Secondhand dealers do not include antiques dealers, art dealers,

coin and stamp dealers, precious metals or stones dealers, pawnbrokers, consignment shop operators, special collectibles dealers, musical instrument dealers, used book dealers, dealers in motor vehicles, auctioneers, junk dealers, scrap metal processors, recycling facilities, bona fide charitable or religious corporations, and retailers that sell new items but give consideration other than cash for traded items.

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.

Definitions of Excluded Dealers

The bill adds the following definitions to the statutes regarding pawnbrokers and precious metals and stones dealers.

An “antiques dealer” is anyone primarily engaged in the business of buying and selling items collected or desirable due to age, rarity, condition, or some other unique feature.

An “art dealer” is anyone primarily engaged in the business of buying or selling illustrative and decorative paintings, drawings, photographs, prints, sculptures, or other works in the graphic or plastic arts, or decorative or artistic objects.

A “coin and stamp dealer” is anyone primarily engaged in the business of buying and selling coins, stamps, currency or rare documents collected or desirable due to age, rarity, condition, or some other unique feature.

A "consignment shop operator" is anyone primarily engaged in the business of selling personal property as the agent of another who has placed such property in the physical possession of the agent. When the other person has not been paid for such property, the consignment shop operator retains legal title to the property and bears the risk of loss until such property is sold to a third person.

A “special collectibles dealer" is anyone primarily engaged in the business of buying or selling a distinctive type of manufactured item of limited supply designed for collection or possesses attractive characteristics, rarity, uniqueness, production faults, or other distinctive characteristics necessary for a person to save it for hobby,

display or investment purposes, without regard to its value or practical use. This may include china, glass, toys, militaria, sports memorabilia, movie memorabilia, railroad memorabilia, models, comic books, dolls, figurines, or other items of interest. It does not include antiques, coins, stamps, works of art, books, jewelry or precious metals.

A "musical instruments dealer" is anyone primarily engaged in the business of buying and selling new and used musical instruments and accessories.

An "used book dealer" is anyone primarily engaged in the business of buying and selling books previously sold at retail other than from a publisher or wholesaler.

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)

Planning and Development Committee

Joint Favorable

Yea 14 Nay 2 (05/16/2011)