

March 6, 2012

Testimony of Chief Thomas Sweeney, Glastonbury Police Department (ret.)

Re: Raised Bill No. 5390 **AN ACT CONCERNING PRECIOUS METALS OR STONES DEALERS**

On behalf of the Connecticut Police Chiefs Association I thank the Public Safety Committee for this opportunity to address Raised Bill 5390 concerning Precious Metals and Stones Dealers. We support the intent of this proposal as a way to address reasonable concerns raised by jewelers and pawnbrokers who also engage in the business of purchasing precious metals and stones from private individuals. Law enforcement's one significant reservation about this bill, which I will detail below, is that this first draft of the bill appears to delete two very important provisions of the existing Precious Metal statute which were just enacted by the Legislature in the 2011 session. As those deletions were not requested, discussed or agreed upon by law enforcement or the representatives of the jewelers and the pawn brokers I believe those deletions were the inadvertent result of incomplete communication or a preliminary drafting error.

Public Act 11-100 accomplished a significant revision of the statutes governing businesses engaged in pawn broking and the purchase of secondhand property. Its sweeping provisions were worked out cooperatively in discussions between law enforcement and the representatives of the retail merchants and the pawnbrokers associations. Those changes involved more comprehensive licensing requirements, more thorough recording and reporting procedures, specified holding periods and tightened requirements on cash transactions and financial documentation. While it involved some complex changes, the implementation of Public Act 11-100 appears to have proceeded smoothly. Law enforcement regards the new legislation covering pawn broking and secondhand dealing to be highly beneficial. From feedback I have received, I believe that the pawnbrokers and secondhand dealers have not found the new requirements to be unduly burdensome.

At the time Public Act 11-100 was being developed there were some unresolved differences between law enforcement and the involved jewelry and pawnbroker businesses regarding how precious metal dealing should be conducted and regulated. Accordingly, only a few minimal but important changes were made to Section 21-100 C.G.S. Those important changes were narrowly focused at prohibiting unlicensed dealing in precious metals and reinforcing the long standing prohibition against paying cash to individuals selling precious metal and stones. The more comprehensive procedures for recording and reporting precious metal transactions and a uniform period for holding the merchandise purchased were not specified for precious metal dealing as they had been for pawnbrokers and secondhand dealers. In the absence of such

uniform procedures for reporting and holding property for examination, the licensing authorities in the various municipalities have utilized the limited authority provided to them in the statute to articulate guidelines for those necessary activities if the statute is to be reasonably enforced in a way that allows identification and recovery of stolen coins and jewelry before they are melted down or broken up. This pattern of implementation has resulted in a patchwork of differing requirements between jurisdictions which some jewelers and pawnbrokers who operate stores in more than one jurisdiction now report as confusing. Representatives for both the jewelers and the pawnbrokers have both asked me if there could be uniform requirements for precious metal dealing across the various municipalities. That request for uniformity is not unreasonable and would, in all probability, facilitate the training for officers engaged in the daily oversight and regulation on precious metal dealing activities. Accordingly, as stated earlier, we support the intent of Raised Bill No. 5390.

However, of particular concern to law enforcement in the proposed bill is the deletion of paragraph (e) of the current Precious Metal statute. That deletion shows in the current draft of the raised bill between subsections (g) and (h). Deleting that subsection of the existing statute removes both the misdemeanor penalty enacted last session for dealers making cash payments for precious metal transactions. Likewise, that deletion eliminates a provision, also enacted last session, which specifically prohibited precious metal dealers from advertising that they pay cash for the purchases of precious metals and stones.

Cash payments for precious metals purchases to persons walking in off the street facilitate the fencing of stolen property. It permits unscrupulous dealers to more easily circumvent the requirements for reporting merchandise purchased and it undercuts the reliability of the financial record of the business' activities. Similarly, legitimate precious metal dealers have complained that dealers who pay cash or blatantly advertise they pay cash for precious metal and stones in violation of the long standing prohibition against any such payments have an unfair advantage over those dealers who comply with the law. The Legislature correctly understood the insidious nature of the problems created by cash transactions when it clarified and tightened the related provisions of the Precious Metal statute last year. Deleting those provisions in this year's bill is not in the interest of law enforcement or the State's financial oversight for such businesses. The deletion of those provisions is not something that the representatives of the jewelers or the pawnbroker's association who have discussed this statute have requested. **Accordingly while law enforcement supports the uniform reporting procedures and holding period proposed in Raised Bill 5390, the bill should not be passed unless and until the penalty for paying cash and the prohibition against advertising such payments are retained.**