



House of Representatives

General Assembly

File No. 187

February Session, 2012

Substitute House Bill No. 5390

House of Representatives, March 29, 2012

The Committee on Public Safety and Security reported through REP. DARGAN of the 115th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING PRECIOUS METALS OR STONES DEALERS.

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

1 Section 1. Section 21-100 of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2012*):

4 (a) No person may engage in or carry on the business of purchasing
5 gold or gold-plated ware, silver or silver-plated ware, platinum ware,
6 watches, jewelry, precious stones, bullion or coins unless such person
7 is licensed as a precious metals or stones dealer by the licensing
8 authority of the municipality in which such person intends to carry on
9 such business; except that the provisions of this subsection shall not
10 apply to the purchase of such items from a wholesaler by a
11 manufacturer or retail seller whose primary place of business is located
12 in this state. Such person shall pay an annual fee of ten dollars for such
13 license. The license may be revocable for cause, which shall include,
14 but not be limited to, failure to comply with any requirements for

15 licensure specified by the licensing authority at the time of issuance.
16 The licensing authority shall refuse to issue a license under this
17 subsection to a person who has been convicted of a felony and may
18 require any applicant for a license to submit to state and national
19 criminal history records checks. If the licensing authority requires such
20 criminal history records checks, such checks shall be conducted in
21 accordance with section 29-17a. For the purposes of this subsection
22 "wholesaler" means a person in the business of selling tangible
23 personal property to be resold at retail or raw materials to be
24 manufactured into suitable forms for use by consumers.

25 (b) Any person who wilfully engages in the business of a precious
26 metals or stones dealer [.] unless licensed in accordance with this
27 section or after notice that such person's license has been suspended or
28 revoked [.] shall be guilty of a class D felony.

29 (c) No licensee shall purchase gold or gold-plated ware, silver or
30 silver-plated ware, platinum ware, watches, jewelry, precious stones,
31 bullion or coins without receiving proof of the identity of the person
32 selling the property if such person is not a wholesaler. Such
33 identification shall include a photograph, an address, if available on
34 the identification, and an identifying number, including, but not
35 limited to, date of birth.

36 [(c) Each such licensee shall keep a record in which such licensee
37 shall note at the time of each transaction a description of the property
38 purchased and the price paid for them, the name and address of the
39 person selling the goods and the date and hour any such property was
40 received. Each such licensee shall demand positive identification from
41 the person selling the article and the type or form of identification
42 received shall be noted in the record.]

43 (d) Each licensee shall maintain a record-keeping system deemed
44 appropriate by the licensing authority in which shall be entered in
45 English, at the time the licensee purchases any property, a description
46 of the property and the name, the residence address, the proof of
47 identity as required by this section and a general description of the

48 person from whom, and the date and hour when, the property was
49 purchased and in which, if the property does not contain any
50 identifiable numbers or markings, shall be included a digital
51 photograph of such property. Each entry in such record-keeping
52 system shall be numbered consecutively. Such number shall be visible
53 in the digital photograph required by this subsection and shall be
54 retained with the property purchased or received until the sale or other
55 disposition of the property. Any state police officer or municipal police
56 officer shall have access to the record required to be kept under this
57 section and may inspect the place where the business is carried on as
58 well as any [goods] property purchased or received. Any state police
59 officer or municipal police officer who performs such an examination
60 may require any employee on the premises to provide proof of such
61 employee's identity. All records maintained pursuant to this section
62 shall be retained by the licensee for not less than two years. The
63 licensee shall maintain a place of business within this state, at which
64 the [goods] property purchased or received and the required records
65 shall be available for such inspection.

66 (e) Except as provided in subsection (f) of this section, the
67 description of any property purchased by a licensee under this section
68 shall include, but not be limited to, all distinguishing marks, names of
69 any kind, including brand and model names, model and serial
70 numbers, engravings, etchings, affiliation with any institution or
71 organization, dates, initials, color, vintage or image represented.

72 (f) The licensing authority may provide for an exemption from the
73 requirements of subsection (e) of this section, or establish additional or
74 different requirements concerning the description of any property
75 purchased by a licensee, upon consideration of the nature of the
76 property, transaction or business, including, but not limited to, articles
77 in bulk lots or articles of minimal value.

78 ~~[(d)]~~ (g) No licensee may purchase any property from a minor
79 unless such minor is accompanied by a parent or guardian.

80 ~~[(e)]~~ (h) Each such licensee may only pay for property received by

81 check or money order and no cash shall be transferred to either party
82 in the course of a transaction subject to the provisions of this section.
83 The licensee shall retain the electronic copy of such check or other
84 record issued by the financial institution that processed such check,
85 and such copy or record shall be subject to inspection in accordance
86 with this section as part of the record-keeping system. The licensee
87 shall indicate on each such instrument the number or numbers
88 associated with such property in the record-keeping system required
89 to be maintained pursuant to this section. Any licensee who pays cash
90 or cashes a check or money order shall be guilty of a class A
91 misdemeanor. No licensee may advertise that he or she will pay for
92 property received with cash.

93 [(f)] (i) At the time of making any purchase each licensee shall
94 deliver to the person selling property a receipt containing the
95 information required to be recorded in subsection [(c)] (d) of this
96 section, the amount paid for any property sold and the name and
97 address of the purchaser.

98 [(g)] Upon request of the licensing authority each such licensee shall
99 make a weekly sworn statement, describing the goods received and
100 setting forth the name and address of each person from whom goods
101 were purchased, to the licensing authority of each municipality in
102 which the licensee transacted business that week.]

103 (j) Each licensee shall submit to the licensing authority, on a weekly
104 basis, a sworn statement of his or her transactions, describing the
105 property purchased and setting forth the nature and terms of the
106 transaction and the name and residence address and a description of
107 the person from whom the property was purchased. Such statement
108 shall be in an electronic format prescribed by the licensing authority.
109 The licensing authority may grant exemptions from the requirement of
110 submitting such statements in an electronic format for good cause
111 shown. Such sworn statement shall not be deemed a public [records]
112 record for the purposes of the Freedom of Information Act, as defined
113 in section 1-200.

114 (k) No licensee shall sell or dispose of any property acquired in any
115 transaction in the course of business in less than ten days after the date
116 of the submission of the statement concerning such transaction in
117 accordance with subsection (j) of this section. Upon the sale or
118 disposition of such property, such licensee shall, if such property is not
119 sold at retail at the place of business of such licensee, include a record
120 of such sale or disposition in the record-keeping system required by
121 this section.

122 (l) Whenever property is seized from the place of business of a
123 precious metals or stones dealer by a law enforcement officer, the
124 officer shall give the dealer a duly signed receipt for the property
125 containing a case number, a description of the property, the reason for
126 the seizure, the name and address of the officer, the name and address
127 of the person claiming a right to the property prior to the dealer and
128 the name of the dealer. If the dealer claims an ownership interest in
129 such property, the dealer may request the return of such property by
130 filing a request for such property with the law enforcement agency in
131 accordance with the provisions of section 54-36a. If the seller of any
132 property purchased by the dealer is convicted of any offense arising
133 out of the dealer's acquisition of the property and the dealer suffered
134 an economic loss as a result of such offense, the court may, at the time
135 of sentencing, order restitution to the dealer pursuant to subsection (c)
136 of section 53a-28, which order may be enforced in accordance with
137 section 53a-28a.

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

141 Sec. 2. Section 21-46a of the 2012 supplement to the general statutes
142 is repealed and the following is substituted in lieu thereof (*Effective*
143 *October 1, 2012*):

144 Whenever property is seized from the place of business of a
145 pawnbroker [, precious metals or stones dealer or secondhand dealer]
146 by a law enforcement officer, such officer shall give the pawnbroker [,

147 precious metals or stones dealer or secondhand dealer] a duly signed
 148 receipt for the property containing a case number, a description of the
 149 property, the reason for the seizure, the name and address of the
 150 officer, the name and address of the person claiming a right to the
 151 property prior to the pawnbroker [, precious metals or stones dealer or
 152 secondhand dealer] and the name of the pawnbroker. [, precious
 153 metals or stones dealer or secondhand dealer.] If the pawnbroker [,
 154 precious metals or stones dealer or secondhand dealer] claims an
 155 ownership interest in such property, he or she may request the return
 156 of such property by filing a request for such property with the law
 157 enforcement agency in accordance with the provisions of section 54-
 158 36a. If the person who deposited, pledged or sold any property
 159 received by a pawnbroker [or dealer] is convicted of any offense
 160 arising out of such pawnbroker's [or dealer's] acquisition, retention or
 161 disposition of the property and such pawnbroker [or dealer] suffered
 162 an economic loss as a result of such offense, the court, at the time of
 163 sentencing, may order restitution to such pawnbroker [or dealer]
 164 pursuant to subsection (c) of section 53a-28 and such order may be
 165 enforced in accordance with section 53a-28a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	21-100
Sec. 2	October 1, 2012	21-46a

PS *Joint Favorable Subst.*

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 13 \$	FY 14 \$
Judicial Dept.	GF - Revenue Gain	Potential Minimal	Potential Minimal

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 13 \$	FY 14 \$
Various Municipalities	Revenue Gain	Less than \$2,500	Less than \$2,500

Explanation

The bill will result in a revenue gain of less than \$2,500 for municipalities by creating a precious metals or stones dealer license. Under the bill, the licensing authority of the municipality would charge an annual fee of \$10. It is anticipated that 250 licenses would be issued statewide.

Additionally, the bill could result in a revenue gain as a result of fines for violations of the bill. The bill allows fines up to \$1,000. The revenue gain from fines is expected to be minimal as violations of similar regulations for pawn brokers have generated \$600 in revenue since 2001.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of licenses, and the number of violations that occur.

Sources: *Judicial Department Offenses and Revenue Database*

OLR Bill Analysis**sHB 5390****AN ACT CONCERNING PRECIOUS METALS OR STONES DEALERS.****SUMMARY:**

This bill creates additional requirements for precious metals or stones dealers (dealers) for (1) seller identification, (2) record-keeping, (3) weekly reports, and (4) property sales. Violators of the bill are subject to a fine of up to \$1,000.

By law, a “precious metals or stones dealer” is anyone who:

1. is primarily engaged in the business of purchasing gold or gold-plated ware, silver or silver-plated ware, platinum ware, watches, jewelry, precious stones, bullion, or coins and
2. must be licensed by a city or town's police chief or, for any city or town that does not have an organized local police department, the emergency services and public protection commissioner.

The bill also makes other technical and conforming changes.

EFFECTIVE DATE: October 1, 2012

SELLER IDENTIFICATION

Under current law, a dealer is required to demand positive identification from anyone selling property. The bill instead specifies that dealers must obtain proof of identity. It requires the identification to include a photograph; an address, if available on the identification; and an identifying number, including date of birth.

Dealers do not need to collect identification from a wholesaler, who is anyone engaged in the business of selling tangible personal property

to be resold at retail or raw materials to be manufactured into suitable forms for use by consumers.

RECORD-KEEPING SYSTEM

Under current law, dealers are required to keep a record noting the time of each transaction with a description of the (1) purchased property and the price paid, (2) name and address of the person selling the goods, and (3) date and hour the property was purchased. Dealers must note the type or form of identification in the record.

The bill expands the record-keeping requirement. It requires dealers to maintain a record-keeping system that the licensing authority deems appropriate. The entries must be entered in English at the time of purchase and be consecutively numbered. The system must also include: (1) a description of the property; (2) the name, home address, proof of identity, and general description of the person selling the property; (3) the date and hour when the property was purchased; and (4) a digital photograph for any item without identifiable numbers or markings. The records must be maintained for at least two years.

Property Description

Under the bill, the record's property description must include:

1. all distinguishing marks, engravings, and etchings;
2. names of any kind, including brand and model;
3. model and serial numbers;
4. affiliation with any institution or organization;
5. dates;
6. initials;
7. color;
8. vintage; and

9. image represented.

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

Digital Photographs

The bill requires a digital photograph of property that does not have any identifiable numbers or markings. A number corresponding to the property's entry in the record-keeping system must be visible in the photograph and remain attached to the property until its disposition or sale.

Police Examination

By law, any state or municipal police officer may access the record and inspect the place of business, including any property purchased or received. Under the bill, these police officers may require any employee on the premises to provide proof of his or her identity.

PAYMENT

By law, dealers may pay for received property only by check or money order. The bill requires dealers who pay by check to retain the electronic copy of any check or other record issued by the financial institution that processes it. The copy is subject to inspection as part of the dealer's record-keeping system. Dealers must indicate the number or numbers associated with the property in the record-keeping system on the checks or money orders.

Existing law bars dealers from paying cash or cashing checks or money orders. A violation is a class A misdemeanor, which is punishable by up to a \$2,000 fine, up to one year's imprisonment, or both.

WEEKLY REPORT

Under current law, at the request of the licensing authority, dealers must submit a weekly sworn statement describing the property

purchased, including the seller's name and address.

The bill expands the reporting requirements by requiring dealers to submit electronic weekly sworn statements of their transactions to the licensing authority. The report is a sworn statement of transactions describing the property purchased, including the nature and terms of the transaction and the name, home address, and description of the person from whom the property was purchased. The bill allows the licensing authority to (1) prescribe the report's electronic format and (2) grant exemptions for good cause. As under current law, the sworn statements are not public records for Freedom of Information Act purposes.

SALE OF PROPERTY

The bill prohibits dealers from selling or disposing of property acquired in any transactions within 10 days after submitting the weekly report. If the property is sold outside the retail premises, the dealer must, upon sale or disposition, record it in the record-keeping system.

COMMITTEE ACTION

Public Safety and Security Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/15/2012)