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## **OLR Bill Analysis**

### **sSB 928**

#### ***AN ACT CONCERNING PRECIOUS METALS OR STONES DEALERS.***

#### **SUMMARY:**

This bill requires licensed precious metals or stones dealers (dealers) to record and retain additional information about property acquired from people other than wholesalers.

By law, dealers are (1) people 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) licensed by the 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 new requirements primarily concern (1) property acquisition records and (2) information dealers must periodically supply to the licensing authorities. The bill exempts bullion and coin sales from certain new recording and retention requirements required for other property.

The bill also (1) allows police officers examining records on-site to require employees to provide identification and (2) establishes a two-year record retention period. By law, police officers may already examine records on-site.

Those violating the new requirements are subject to fines of up to \$1,000 and existing licensing penalties (i.e., license revocation).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2013

#### **SELLER IDENTIFICATION**

Under current law, a dealer is required to demand “positive identification” from anyone selling property. The bill instead requires the identification to include a photograph; an address, if available on the identification; and an identifying number, including date of birth.

## **RECORD-KEEPING**

Under current law, dealers are required to keep records 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.

### ***Precious Metals and Stones***

The bill expands the record-keeping requirements for selling gold or gold-plated ware, silver or silver-plated ware, platinum ware, watches, jewelry, or precious stones. It requires dealers to maintain a consecutively numbered record-keeping system with entries recorded in English at the time of purchase. In addition to the information described above, records in the system must contain a (1) general description of the seller, along with proof of identity and (2) digital photograph of any item without identifiable numbers or markings. The bill specifies that the address dealers record must be the seller’s home address and requires them to keep the records 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.

**Digital Photographs.** The bill requires a digital photograph of property that does not have any identifiable numbers or markings. A number corresponding to the number assigned 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.

### ***Bullion and Coins***

For bullion and coin sales, in addition to the requirements under current law, the bill requires dealers to keep the record in English, be consecutively numbered, and include the seller's general description.

### ***Recordkeeping Exemptions***

The licensing authority may exempt dealers from any record-keeping or police officers from any inspection requirement 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. It is unclear how the licensing authority will exempt police officer inspections or identification checks.

## **PAYMENT RECORDS**

By law, dealers may pay for acquired property only by check or money order. The bill requires dealers who pay by check to retain its electronic copy 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, and presumably includes the record-keeping applicable to bullion and coin sales. 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 sellers in 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.

### ***Customer Receipts***

By law, at the time of purchase, a dealer must provide the seller a receipt containing the required record-keeping information, amount paid for any property sold, and the purchaser's name and address. The bill requires the receipt to include the new information dealers must enter into their own records.

### **WEEKLY REPORT**

Under current law, at the request of the licensing authority, dealers must submit weekly sworn reports describing the property purchased, including the seller's name and address. The bill makes this reporting requirement mandatory, and gives dealers the option to submit them more often. It requires reports to also include a description of the person from whom the property was purchased and the nature and terms of each transaction. 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, other than bullion or coins, acquired in any transaction within 10 days after submitting their report to the licensing authority. If any 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 (03/07/2013)