



CONNECTICUT POLICE CHIEFS ASSOCIATION

365-1A Silas Deane Highway, Wethersfield, Connecticut 06109
(860) 757-3909 Fax: (860) 436-6050
Web site: www.cpcanet.org

Testimony of Thomas J. Sweeney
Retired Chief of the Glastonbury Police Department

Raised Bill No. 5280

AN ACT CONCERNING SECONDHAND DEALERS AND PRECIOUS METALS AND STONES DEALERS

Connecticut General Assembly
Committee on Public Safety and Security

Senator Larson, Representative Dargan and distinguished members of the Public Safety and Security Committee

My name is Thomas Sweeney. I am a retired Chief of the Glastonbury Police Department and a former Chief of the Bridgeport Police Department. I represent the Connecticut Police Chiefs Association (CPCA) in speaking in **opposition** to Raised Bill No. 5280. The bill proposes to strip two crucial sunset dates from the current statutes governing pawn brokers, secondhand dealers and precious metals and stones dealers.

In 2009 and again in 2010, police investigations identified career offenders regularly selling high volumes of merchandise stolen in burglaries or from retail stores to certain pawn shops. In the Capitol Region investigation, undercover officers offered new in box merchandise that was clearly represented as stolen to eleven pawnbrokers. Eight of those businesses purchased those allegedly stolen materials without hesitation. In the continuing sting operation some pawnbrokers subsequently also purchased pallets of allegedly stolen merchandise paying cash and without documenting those purchases as required by the then existing statutes. The investigation clearly demonstrated that many pawnbrokers were primarily engaged in the direct purchases of secondhand and stolen in box merchandise and that they were often paying cash directly to the sellers and not fully documenting those purchases as required by the then existing pawnbroker statutes. A year later a police investigation of pawn shops in the New Haven area obtained similar results.

Fencing in and through pawn shops continues to be a problem in Connecticut. Last year, just two days before a nearly identical bill was heard by this Committee, the State Police, in conjunction with local police agencies, arrested ten individuals involved in similar fencing activities on-going through pawn shops in the northwestern part of the State. Those arrested included managers and staff of pawn shops in Wolcott, Bristol, and Torrington. In addition to fencing activities, several individuals involved were also charged with the illegal sale or possession of assault weapons.

In 2011 the statutes governing pawnbrokers and the related activities of secondhand dealers and precious metals and stones dealers activities were comprehensively revised to address the deficiencies highlighted by the 2009 and

2010 police investigations. In working toward that much needed revision of the relevant statutes, CPCA worked with the representatives of the pawnbrokers and the jewelers who had precious metal dealer licenses to establish a joint proposal for new legislation which would balance the needs of law enforcement to effectively regulate and enforce the statutes governing those businesses without interfering with the legitimate conduct of those activities. A new section of the law was drafted specifically to regulate the direct purchase of second hand merchandise which actually constituted the bulk of the transactions occurring in pawn shops. As a critical step toward eliminating the fast cash payment practices which encourage and facilitate fencing the new secondhand dealer statute required that all secondhand merchandise purchased had to be paid for by check and the dealers were prohibited from cashing the check they had issued for that material. That prohibition exactly mirrored the long standing check cashing prohibition that existed for all precious metal and stone purchases. Agreement was reached among the parties on all aspects of the proposed revisions except one. The pawnbrokers wanted to continue a long standing practice of cashing their own checks for direct purchases of secondhand merchandise and precious metals and stones, allowing them to immediately pay cash to the seller. Law enforcement wanted to prohibit all licensed secondhand and precious metal dealers from cashing their own checks as such immediate cash payments by the businesses attracted criminals looking for fast cash and permitted greater opportunity for the business to avoid the record keeping requirements of the statutes and to conceal purchases. As those self cashed checks rarely, if ever, went forward for processing through a banking establishment there was no external trail or auditable record documenting those transactions nor was there a second independent confirmation of the seller's identity.

In a compromise to resolve that major disagreement between law enforcement and the pawnbrokers, the statute finally adopted allowed pawnbrokers who held their licenses prior to March 31, 2011 to continue cash the checks they issued for purchases of secondhand merchandise and precious metals for a ten year period until the sunset date of July 1, 2021. After that date such check cashing for anything other than a pawned item would be illegal. Such self check cashing to pay for secondhand merchandise or precious metals and stones is currently illegal for any pawnbroker, secondhand dealer or precious metal dealer who was not licensed as a pawnbroker prior to March 31, 2011. Raised Bill 5280 seeks to undo that compromise afforded to and agreed upon by the pawnbroker representatives in the 2011 revision of these statutes. Removing the specified sunset dates would allow that segment of the pawnbroker community licensed prior to March 31, 2011 to continue beyond July 1, 2021 a practice which law enforcement knows facilitates fencing and thwarts investigations trying to track the money and merchandise flowing through such establishments. Raised Bill 5280 is the second attempt by the pawnbrokers to remove the critical 2021 sunset dates which they agreed to in 2011 when this entire section of law was revised. The Raised Bill represents a self serving attempt by the pawnbrokers licensed prior to March 31, 2011 to maintain and extend indefinitely their "quick cash" advantage over all other licensed secondhand and precious metal dealers. Such check cashing and the immediate payment of cash to a seller is expressly forbidden by law for all pawnbrokers licensed after March 2011 and for all other secondhand and precious metals and stones dealers licensed to engage in those activities.

Because this bill targets the sunset dates that were specifically placed in the statute to end the check cashing and direct cash payment practices in pawn shops which facilitate fencing activities, the Connecticut Police Chiefs Association strongly urges the Public Safety Committee to reject Raised Bill 5280. If the Committee is inclined to take any action on this topic, the public safety interest can only be served by advancing the sunset requirement forward to a date sooner than July 1, 2021.

I thank the Committee for your time and consideration of this topic. I would be happy to provide any additional information or answer any questions you may have.

Thomas J. Sweeney
Retired Chief
Glastonbury Police Department