
SUBSTITUTE HOUSE BILL 1716

State of Washington

62nd Legislature

2011 Regular Session

By House Public Safety & Emergency Preparedness (originally sponsored by Representatives Asay, Hurst, Klippert, Pearson, and Miloscia)

READ FIRST TIME 02/17/11.

1 AN ACT Relating to the regulation of secondhand dealers; amending
2 RCW 19.60.010 and 19.60.085; adding new sections to chapter 19.60 RCW;
3 creating a new section; and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds:

6 (1) The market price of gold has increased significantly in recent
7 years and there has been a proliferation of secondhand dealers,
8 including temporary, transient secondhand businesses, engaging in "cash
9 for gold" type precious metal transactions. Frequently, these "cash
10 for gold" type operations are operated by persons desiring to exploit
11 unsuspecting consumers based on current market conditions;

12 (2) The increasing number of "cash for gold" type transactions in
13 communities and neighborhoods throughout Washington has been linked to
14 increased crimes involving the theft of gold and other precious metal
15 objects, including home burglaries, robberies, and other crimes,
16 resulting in depressed home values and other threats to the health,
17 safety, and welfare of Washington state residents; and

18 (3) With the growing number of precious metal transactions, there
19 is a corresponding significant increase in the number of "cash for

1 gold" type storefront businesses, including temporary, transient
2 secondhand businesses, in Washington state which may not be consistent
3 with the growth goals and quality of life sought by communities and
4 neighborhoods and the state as a whole.

5 Therefore, to better protect legitimate owners, consumers, and
6 secondhand dealers, the legislature intends to establish and implement
7 stricter standards relating to transactions involving property
8 consisting of gold and other precious metals.

9 **Sec. 2.** RCW 19.60.010 and 1995 c 133 s 1 are each amended to read
10 as follows:

11 Unless the context clearly requires otherwise, the definitions in
12 this section apply throughout this chapter.

13 (1) "Melted metals" means metals derived from metal junk or
14 precious metals that have been reduced to a melted state from other
15 than ore or ingots which are produced from ore that has not previously
16 been processed.

17 (2) "Metal junk" means any metal that has previously been milled,
18 shaped, stamped, or forged and that is no longer useful in its original
19 form, except precious metals.

20 (3) "Nonmetal junk" means any nonmetal, commonly discarded item
21 that is worn out, or has outlasted its usefulness as intended in its
22 original form except nonmetal junk does not include an item made in a
23 former period which has enhanced value because of its age.

24 (4) "Pawnbroker" means every person engaged, in whole or in part,
25 in the business of loaning money on the security of pledges of personal
26 property, or deposits or conditional sales of personal property, or the
27 purchase or sale of personal property.

28 (5) "Precious metals" means gold, silver, and platinum.

29 (6) "Secondhand dealer" means every person engaged in whole or in
30 part in the business of purchasing, selling, trading, consignment
31 selling, or otherwise transferring for value, secondhand property
32 including metal junk, melted metals, precious metals, whether or not
33 the person maintains a fixed place of business within the state.
34 Secondhand dealer also includes persons or entities conducting
35 business, more than three times per year, at flea markets or swap
36 meets(~~(, more than three times per year)~~)).

1 (7) "Secondhand precious metal dealer" means any person or business
2 engaged in whole or in part in the business of purchasing, selling,
3 trading, consignment selling, or otherwise transferring for value
4 secondhand property that is a precious metal, whether or not the person
5 maintains a permanent or fixed place of business within the state. A
6 secondhand precious metal dealer also includes persons or entities
7 conducting business, more than three times per year, at flea markets or
8 swap meets.

9 (8) "Secondhand property" means any item of personal property
10 offered for sale which is not new, including metals in any form, except
11 postage stamps, coins that are legal tender, bullion in the form of
12 fabricated hallmarked bars, used books, and clothing of a resale value
13 of seventy-five dollars or less, except furs.

14 ~~((+8))~~ (9) "Transaction" means a pledge, or the purchase of, or
15 consignment of, or the trade of any item of personal property by a
16 pawnbroker or a secondhand dealer from a member of the general public.

17 ~~((+9))~~ (10) "Loan period" means the period of time from the date
18 the loan is made until the date the loan is paid off, the loan is in
19 default, or the loan is refinanced and new loan documents are issued,
20 including all grace or extension periods.

21 NEW SECTION. Sec. 3. (1) For any transaction involving property
22 consisting of a precious metal bought or received from an individual,
23 every secondhand precious metal dealer doing business in this state
24 shall maintain wherever that business is conducted a record in which
25 shall be legibly written in the English language, at the time of each
26 transaction, the following information:

27 (a) The signature of the person with whom the transaction is made;

28 (b) The time and date of the transaction;

29 (c) The name of the person or employee or the identification number
30 of the person or employee conducting the transaction;

31 (d) The name, date of birth, sex, height, weight, race, and
32 residential address and telephone number of the person with whom the
33 transaction is made;

34 (e) A complete description of the precious metal property pledged,
35 bought, or consigned, including the brand name, serial number, model
36 number or name, any initials or engraving, size, pattern, and color of
37 stone or stones;

1 (f) The price paid. If the amount paid is greater than one hundred
2 dollars, the amount may not be by cash but must be by a written
3 instruction to pay signed by the person giving the instruction;

4 (g) The type and identifying number of identification used by the
5 person with whom the transaction was made, which shall consist of a
6 valid driver's license or identification card issued by any state or
7 two pieces of identification issued by a governmental agency, one of
8 which shall be descriptive of the person identified, and a full copy of
9 both sides of each piece of identification used by the person with whom
10 the transaction was made. At all times, one piece of current
11 government issued picture identification will be required; and

12 (h) The nature of the transaction, a number identifying the
13 transaction, the store identification as designated by the applicable
14 law enforcement agency, or the name and address of the business or
15 location, including the street address, and room number if appropriate,
16 and the name of the person or employee conducting the transaction, and
17 the location of the property.

18 (2) The records required in subsection (1) of this section shall at
19 all times during the ordinary hours of business, or at reasonable times
20 if ordinary hours of business are not kept, be open to the inspection
21 by any commissioned law enforcement officer of the state or any of its
22 political subdivisions, and shall be maintained wherever that business
23 is conducted for three years following the date of the transaction.

24 NEW SECTION. **Sec. 4.** (1) Property consisting of a precious metal
25 bought or received from an individual on consignment by any secondhand
26 precious metal dealer with a permanent place of business in the state
27 may not be removed from that place of business except consigned
28 property returned to the owner, for a total of thirty days after the
29 receipt of the property. Property shall at all times during the
30 ordinary hours of business be open to inspection to any commissioned
31 law enforcement officer of the state or any of its political
32 subdivisions.

33 (2) Property consisting of a precious metal bought or received from
34 an individual on consignment by any secondhand precious metal dealer
35 without a permanent place of business in the state must be stored and
36 held within the city or county in which the property was received,
37 except consigned property returned to the owner, for a total of thirty

1 days after receipt of the property. The property shall be available
2 within the appropriate jurisdiction for inspection at reasonable times
3 by any commissioned law enforcement officer of the state or any of its
4 political subdivisions.

5 (3) Subsections (1) and (2) of this section do not apply when the
6 property consisting of a precious metal was bought or received from a
7 pawn shop, jeweler, secondhand dealer, or secondhand precious metal
8 dealer who must provide a signed declaration showing the property is
9 not stolen. The declaration may be included as part of the
10 transactional record required under this subsection, or on a receipt
11 for the transaction. The declaration must state substantially the
12 following: "I, the undersigned, affirm under penalty of law that the
13 property that is subject to this transaction is not to the best of my
14 knowledge stolen property."

15 NEW SECTION. **Sec. 5.** If the applicable chief of police or the
16 county's chief law enforcement officer has compiled and published a
17 list of persons who have been convicted of any crime involving theft,
18 then a secondhand precious metal dealer shall utilize such a list for
19 any transaction involving property other than property consisting of a
20 precious metal as required by the applicable chief of police or the
21 county's chief law enforcement officer.

22 NEW SECTION. **Sec. 6.** No secondhand precious metal dealer doing
23 business in this state may operate a business without first obtaining
24 a business license from the local government in which the business is
25 situated.

26 NEW SECTION. **Sec. 7.** (1) It is a gross misdemeanor under this
27 chapter for:

28 (a) Any person to remove, alter, or obliterate any manufacturer's
29 make, model, or serial number, personal identification number, or
30 identifying marks engraved or etched upon an item of personal property
31 that was purchased, consigned, or received in pledge pursuant to
32 sections 3 and 4 of this act. In addition, a precious metal item shall
33 not be accepted for pledge or a secondhand purchase, pursuant to this
34 chapter, where the manufacturer's make, model, or serial number,

1 personal identification number, or identifying marks engraved or etched
2 upon an item of personal property has been removed, altered, or
3 obliterated;

4 (b) Any person to knowingly make, cause, or allow to be made any
5 false entry or misstatement of any material matter in any book, record,
6 or writing required to be kept under this chapter;

7 (c) Any secondhand precious metal dealer to receive any precious
8 metal property from any person under the age of eighteen years, any
9 person under the influence of intoxicating liquor or drugs, or any
10 person known to the secondhand precious metal dealer as having been
11 convicted of burglary, robbery, theft, or possession of or receiving
12 stolen property within the past ten years whether the person is acting
13 in his or her own behalf or as the agent of another; or

14 (d) Any person to knowingly violate any other provision of this
15 chapter.

16 (2) It is a class C felony under this chapter for a secondhand
17 precious metal dealer to commit a second or subsequent violation of
18 subsection (1) of this section involving property consisting of a
19 precious metal.

20 **Sec. 8.** RCW 19.60.085 and 2000 c 171 s 56 are each amended to read
21 as follows:

22 The provisions of this chapter do not apply to transactions
23 conducted by the following:

24 (1) Motor vehicle dealers licensed under chapter 46.70 RCW;

25 (2) Vehicle wreckers (~~(or)~~), hulk haulers, and scrap processors
26 licensed under chapter 46.79 or 46.80 RCW;

27 (3) Persons giving an allowance for the trade-in or exchange of
28 secondhand property on the purchase of other merchandise of the same
29 kind of greater value; and

30 (4) Persons in the business of buying or selling empty food and
31 beverage containers or metal or nonmetal junk, in compliance with
32 chapter 19.290 RCW.

33 NEW SECTION. **Sec. 9.** (1) For purposes of this section, "hosted
34 home party" means a gathering of persons at a private residence where
35 a host or hostess has invited friends or other guests into his or her

1 residence where individual person-to-person sales of precious metals
2 occur.

3 (2) A host or hostess must be the owner, renter, or lessee of the
4 private residence where the hosted home party takes place.

5 (3) A secondhand precious metal dealer who attends a hosted home
6 party and purchases or sells precious metals from the invited guests
7 must issue a receipt for each item sold or purchased at the hosted home
8 party.

9 (4) The secondhand precious metal dealer must include on every
10 receipt the following: (a) The name, residential address, telephone
11 number, and driver's license number of the person hosting the home
12 party; (b) The name, residential address, telephone number, and
13 driver's license number of the person selling the item; (c) the name,
14 residential address, telephone number, and driver's license number of
15 the person purchasing the item; (d) a complete description of the item
16 being sold, including the brand name, serial number, model number or
17 name, any initials or engraving, size, pattern, and color of stone or
18 stones; (e) time and date of the transaction; and (f) the amount and
19 form of any consideration paid for the item. If the amount paid is
20 greater than one hundred dollars, the amount may not be by cash but
21 must be by a written instruction to pay signed by the person giving the
22 instruction.

23 (5) The secondhand precious metal dealer must make four copies of
24 each transaction receipt: One for the seller, one for the host or
25 hostess, one for the purchaser, and one for local authorities, if they
26 should ask. The secondhand precious metal dealer and the host shall
27 maintain copies of all transaction receipts and records for three years
28 following the date of the precious metal transaction.

29 (6) A secondhand precious metal dealer of a hosted home party who
30 purchases precious metals at a hosted home party and complies with this
31 section is otherwise exempt from sections (3), (4), and (5) of this
32 act.

33 NEW SECTION. **Sec. 10.** Sections 3 through 7 and 9 of this act are
34 each added to chapter 19.60 RCW.

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