
**Insurance, Financial Services &
Consumer Protection Committee**

HB 1251

Brief Description: Addressing the issue of stolen metal property.

Sponsors: Representatives Morrell, Haler, O'Brien, Skinner, Lantz, Hinkle, Upthegrove, Takko, Moeller, Wallace, Crouse, Campbell, Kristiansen, Wood, Pearson, Ross, Fromhold, McCoy, Williams, Kretz, Hurst, Green, Kenney, VanDeWege, Haigh, McCune, Grant, Darneille, Simpson, Dunn and Rolfes.

Brief Summary of Bill

- Creates additional record keeping requirements that must be met during any transaction involving a pawnbroker or second-hand dealer.
- Establishes a requirement that a declaration related to property's status as stolen property be filled out at the time of any pawnbroker or second-hand dealer transaction.
- Establishes specific requirements related to transactions involving metal property.
- Modifies exemptions to the pawnbroker and second-hand dealer requirements.

Hearing Date: 1/25/07

Staff: Sarah Beznoska (786-7109).

Background:

General Statutory Requirements Related to Secondhand Metals

It is a crime for any person, firm or corporation engaged in the business of buying or otherwise obtaining new, used or secondhand metals to purchase or otherwise obtain such metals unless a permanent record of the purchase of such metals is maintained. The permanent record must contain the following information: a general description of all property purchased; the type and quantity or weight; the name, address, driver's license number, and signature of the seller or the

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person making delivery; and a description of any motor vehicle and the license number thereof used in the delivery of such metals.

"Metals" means copper, copper wire, copper cable, copper pipe, copper sheets and tubing, copper bus, aluminum wire, brass pipe, lead, electrolytic nickel and zinc.

A violation of this requirement is punishable, upon conviction, by a fine of not more than five hundred dollars or by imprisonment in the county jail for not more than six months, or by both.

Pawnbrokers and Second-hand Dealers

Washington State regulates the business of pawnbrokers and second-hand dealers. Pawnbrokers are regulated under chapter 19.60 RCW. Local governments may enact more restrictive provisions.

"Pawnbroker" is defined as every person engaged, in whole or in part, in the business of loaning money on the security of pledges, deposits or conditional sales of personal property or the purchase and sale of personal property.

"Second-hand dealer" is defined as every person engaged, in whole or in part, in the business of purchasing, selling, trading, consignment selling, or otherwise transferring for value, second-hand property, including metal junk, melted metals, and precious metals, whether or not the person maintains a fixed place of business within the state.

"Second-hand property" is defined as any item of personal property offered for sale which is not new, including metals in any form, except postage stamps, coins that are legal tender, bullion in the form of fabricated hallmarked bars, used books, and clothing of a resale value of seventy-five dollars or less, except furs.

"Metal junk" is defined as any metal that has previously been milled, shaped, stamped, or forged and that is no longer useful in its original form, except precious metals. "Melted metals" is defined as metals derived from metal junk or precious metals that have been reduced to a melted state from other than ore or ingots which are produced from ore that has not previously been processed.

Although the statutory definition of second-hand dealer refers to transactions involving metal junk, a separate provision of the statute exempts persons in the business of buying or selling metal junk from requirements governing pawnbroker and second-hand dealer transactions.

Record Keeping Requirements for Pawnbrokers and Second-hand Dealers

Records must be maintained for each transaction for three years after the date of the transaction. The records of each transaction kept by a pawnbroker or second-hand dealer must include the following additional information:

- date of the transaction;
- signature of the person with whom the transaction is made;
- the name, date of birth, height, weight, race, address and telephone number of the person with whom the transaction is made;
- a complete description of the property including brand name, serial number or name;
- price paid or amount loaned;

- type and identifying number of identification used by the person with whom the transaction is made;
- the nature of the transaction and a number identifying the transaction;
- the name or identification number of the employee conducting the transaction; and
- the store identification number or name and the address of the store.

Transcripts of the previous day's business, when requested by the police, within the time period required by the police, may be transmitted by facsimile or electronically.

General Restrictions on Transfer of Property for Pawnbrokers and Second-Hand Dealers

Following notification from the police that an item of property has been reported as stolen, a pawnbroker or second-hand dealer must place an identifying tag on the property and keep it safe. A pawnbroker or second-hand dealer may not release that item for 120 days without the consent of the police or an order of the court.

If the police place a verbal hold on an item that has been reported as stolen, the police must give written notice confirming the hold to the pawnbroker or second-hand dealer holding the property within 10 business days. If the police do not give written notice, the hold order will cease. The pawnbroker or second-hand dealer must give the police written notice 20 days before the expiration of the 120-day period or the hold on the property will continue for an additional 120 days. The police may renew a hold for an additional 120-day period by giving written notice of an additional hold.

Property bought or received in pledge by a pawnbroker or by consignment by a second-hand dealer may not be removed from the place of business within 30 days after the receipt of that property, except when redeemed by or returned to the owner. The property must be available for inspection by the police.

Pawnbrokers may not sell property within at least a 60-day grace period after the term of the loan expires. After the grace period expires, the pawnbroker is not required to account to the person who received the loan for the proceeds from that item.

Summary of Bill:

General Statutory Requirements Related to Secondhand Metals

The criminal statute related to keeping a permanent record of secondhand metal transactions is repealed.

Record keeping Requirements for Pawnbrokers and Second-hand Dealers

In addition to current record keeping requirements, a pawnbroker and second-hand dealer must keep a record of the driver's license number, including a photocopy, and the cell phone number of any person with whom a transaction is made. Pawnbrokers and second-hand dealers also must keep a record of the name, address, and telephone number, if any, of the employer of the person with whom the transaction is made and a record of a description of any motor vehicle and the license number of the motor vehicle used in the delivery of the property.

Declaration Requirements for Pawnbrokers and Second-hand Dealers

Declaration requirements are established for all transactions that involve property valued at more than \$100. In these transactions, a pawnbroker or second-hand dealer must require the party with whom a transaction may be made to sign a separate declaration printed in conspicuous type. The declaration must state that the person affirms under the penalty of law that the property is not, to the best of the person's knowledge, stolen property. The seller of the property must handwrite on the declaration the source of the property. The seller of the property and the pawnbroker or second-hand dealer must sign the declaration.

A copy of the declaration must be open to inspection by law enforcement officers at all times during the ordinary hours of business, or at reasonable time if ordinary hours of business are not kept. Copies must be maintained for three years following the date of the transaction.

It is a gross misdemeanor to sign the declaration knowing that the property is stolen.

Pawnbroker or Second-hand Dealer Transactions Involving Metal Property

A pawnbroker or second-hand dealer must retain metal property, including melted metals, metal junk, and metal that is still useful in its original form, for at least 30 days after the transaction involving the metal property.

Transactions involving metal property, including melted metals, metal junk, and metal that is still useful in its original form must not be made in cash. Instead, the person with whom the transaction is made must be paid by check, mailed to an address provided by the person, no earlier than 30 days after the transaction was made.

A transaction is deemed to have been made on the date provided in the declaration document.

Exemptions to Pawnbroker and Second-hand Dealer Requirements

The general exemption from pawnbroker and second-hand dealer requirements for persons in the business of buying or selling metal junk is eliminated.

Persons buying or selling metal food and beverage containers and persons in the business of operating an automotive repair facility are exempt.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.