

HB 394, Pawnshop and Secondhand Merchandise Amendments Rep. Eric Hutchings

Background information:

The Utah Attorney General's Office in conjunction with various local public safety agencies conducted a linear investigation regarding allegations that multiple second hand merchants were buying stolen property. This multi-agency investigation worked closely with retailers and online sales platforms to gain an understanding of the problem and the impact to the state of Utah, political subdivisions, retail merchants and the public in general.

Undercover operations were conducted on multiple pawn shops along the Wasatch front. On June 19, 2018 several search warrants were executed, recovering approximately \$1.5 to \$2 million worth of property.

In August of 2018, a variety of law enforcement agencies worked to identify and locate the most active individuals utilizing pawn shops. These individuals were arrested on outstanding warrants, other charges and were interviewed. Many admitted to stealing large amounts of property and selling it to pawn shops. During their questioning, they informed investigators that when they pawned the merchandise, the pawn shops knew the property was stolen.

In February, one of the stores investigated pleaded guilty to 2nd and 3rd degree felonies. They admitted in court that they knowingly accepted property that they believed, or should have believed, was stolen.

Major Provisions:

- Makes a number of new or clarified definitions such as gift cards, numismatic and exonomia, pawn transaction, pawnshop, pawnbroker, property, secondhand merchandise dealer (SHB), ticket and transaction card.
- Amends what identification cards can be used to include driver privilege cards
- Clarifies that a pawn or SHB may not accept certain property:
 - If a serial number or other form of indicia of ownership has been removed, altered, defaced or obliterated
 - Property not numismatic, and has indicia of being new, but accompanied by a written receipt or other satisfactory proof of ownership other than the seller's own statement
 - Property is a gift card, transaction card, or other physical or digital card or certificate evidencing store credit
- Improvements to the central data base by January 1, 2020:
 - An electronic fingerprint
 - Color digital photograph clearly and accurately depicting Each item of jewelry, including scrap jewelry and watches including any engravings or identifying marks, serial numbers, owners label, or similar identifying mark
- As of January 1, 2020, transactions between a pawnbroker and an individual are limited to no more than 4 or 10 items per 30 days. This limitation includes all shops with an individual. By that date, the central data base will provide to the broker a notification when this limit is reached
- The board is reduced from 13 to 7 members
- On line training of shops and law enforcement
 - Provides that a municipal or county government can revoke a business permit for a business with multiple violations