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# A BILL FOR AN ACT

RELATING TO PAWNBROKERS AND SECONDHAND DEALERS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. In recent years, property crime in Hawaii has  
2 increased at an alarming rate, and experts generally agree that  
3 drug use, specifically crystal methamphetamine use, is the  
4 driving force behind the high property crime rate. This nexus  
5 exists because stolen property can easily be sold for money that  
6 can then be used to feed the perpetrator's drug habit.

7           One approach to reducing the profits from property crimes  
8 is to expedite the reporting of pawnbroker and secondhand dealer  
9 transactions to law enforcement. The current method of  
10 recording the daily transactions of pawnbrokers and secondhand  
11 dealers is antiquated and time-consuming. Currently, pawn  
12 ticket receipts are manually recovered and entered into a  
13 computer system. By the time the police department receives  
14 this information, it may already be outdated.

15           An automated system to record daily transactions would  
16 revolutionize this process by increasing the speed by which  
17 information is transferred from the pawnshop or secondhand  
18 dealer to the police department. Such a system would reduce the



1 recovery time for stolen items and allow the police to inspect  
2 and track these transactions in a timely manner, thereby  
3 increasing the likelihood that a person committing a crime will  
4 be identified using the information provided by pawn ticket  
5 receipts.

6 The purpose of this Act is to facilitate the timely  
7 reporting of pawnbroker and secondhand dealer transactions to  
8 law enforcement, by requiring daily electronic reporting of  
9 these activities.

10 SECTION 2. Section 486M-2, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 **"§486M-2 Record of transactions.** (a) Every dealer~~[, or~~  
13 ~~the agent, employee, or representative of the dealer]~~ shall,  
14 immediately upon receipt of any article, record the following  
15 information, ~~[on a form]~~ in a manner authorized by the chief of  
16 police in each county:

- 17 (1) The name and address of the dealer;  
18 (2) The name, residence address, date of birth, and the  
19 age of the person from whom the article was received;  
20 (3) The date and time the article was received by the  
21 dealer;



- 1 (4) The signature of the person from whom the article was  
2 received;
- 3 (5) The Hawaii [+]driver's[+] license number, or if the  
4 person does not possess a Hawaii [+]driver's[+] license,  
5 the number of and description of any  
6 government issued identification [~~which~~] that bears a  
7 photograph of the person from whom the article was  
8 received;
- 9 (6) A complete and accurate description of the article  
10 received, including all markings, names, initials, and  
11 inscriptions;
- 12 (7) A reasonable estimate of the fineness and weights of  
13 the precious and semiprecious metals and precious and  
14 semiprecious gems received; and
- 15 (8) The price paid by the dealer for each article.
- 16 (b) Upon request and at the discretion of the chief of  
17 police of each county, copies of all completed forms required by  
18 this section shall be surrendered, mailed, or electronically  
19 inputted and transmitted via modem or by facsimile transmittal  
20 to the chief of police or to the chief of police's authorized  
21 representative. The method of submittal to the chief of police  
22 shall be at the option of the [~~dealer.~~] chief of police.



1        (c) Every dealer shall perform daily electronic reporting  
2 via the Internet or computer disk in a manner and using software  
3 as directed by the chief of police in each county; provided that  
4 a dealer may continue using existing software deemed by the  
5 chief of police in that county to be sufficient to meet the  
6 electronic reporting requirements of this section. The daily  
7 report shall include all property pledged, received, traded,  
8 bartered, bought, or otherwise acquired during the twenty-four  
9 hours ending at 8:00 p.m. on the date of the report.

10       (d) If a dealer discovers an error in the daily electronic  
11 report required under subsection (c), the dealer shall  
12 immediately correct the error. A dealer shall be allowed at  
13 least thirty days to correct an error in the daily report  
14 discovered by the police department of that county, commencing  
15 upon the receipt of notice of the error from the police  
16 department.

17       (e) If a dealer experiences a computer malfunction  
18 relating to the daily electronic reporting requirements of this  
19 section, the dealer shall be allowed a period of at least  
20 fifteen days to repair the malfunction. During this period, the  
21 dealer shall not be deemed in violation of this section if the  
22 dealer has notified the police department of that county of the



1 malfunction and is making a bona fide effort to repair the  
2 malfunction.

3 (f) A dealer shall not be responsible for a delay in  
4 submitting daily electronic reports under this section resulting  
5 from a malfunction of the reporting database.

6 (g) During the period needed to address a reporting error  
7 under subsection (d), a computer malfunction under subsection  
8 (e), or a database malfunction under subsection (f), the dealer  
9 and the chief of police for that county shall arrange a mutually  
10 acceptable alternative method by which the dealer shall provide  
11 the reportable data to the chief of police of that county.

12 (h) Regardless of the cause of any technical problem  
13 preventing a dealer from uploading daily electronic reports  
14 under this section, upon correction of the problem, the dealer  
15 shall upload every reportable transaction from every business  
16 day beginning on the day of the first occurrence of the problem.

17 (i) An administrative fee of \$1.50 shall be charged to the  
18 dealer for each pawn transaction reported electronically under  
19 this section to offset the administrative costs of the  
20 electronic reporting system; provided that for pawn transactions  
21 of less than \$20 the dealer may, in lieu of electronic reporting  
22 under this section, manually record the transaction and deliver



1 the paper tickets for the transaction twice a week to the chief  
2 of police of that county.

3 (j) If the dealer is unable to afford a computer and the  
4 software deemed necessary by the chief of police of that county  
5 to submit daily electronic reports under this section, the  
6 dealer may manually record pawn transactions and deliver the  
7 paper tickets for these transactions twice a week to the chief  
8 of police of that county; provided that such dealer shall be  
9 charged an administrative fee of \$1.50 for every pawn  
10 transaction of at least \$20 to offset the administrative costs  
11 of the electronic reporting system.

12 (k) As used in this section, unless the context requires  
13 otherwise, "dealer" means a dealer, or the agent, employee, or  
14 representative of the dealer operating as a pawnbroker or  
15 secondhand dealer."

16 SECTION 3. Implementation of the electronic reporting  
17 system established by this Act shall begin immediately following  
18 the date on which a pawn transaction electronic database  
19 developed for use by the police department of each county is  
20 initially capable of receiving pawnshop and secondhand dealer  
21 transaction reports. The actual completion date for the total  
22 conversion to the electronic reporting system required by this



1 Act shall be determined by the chief of police of each county.  
2 Prior to the completion of implementation under this Act, the  
3 chief of police of each county, in collaboration with pawn  
4 brokers and secondhand dealers in the respective county, shall:

- 5 (1) Investigate and determine software options;
- 6 (2) Develop reporting requirements that are not unduly  
7 burdensome;
- 8 (3) Establish minimum reporting requirements deemed  
9 necessary by the county police departments to  
10 effectively track business transactions;
- 11 (4) Determine the current ability of the county police  
12 departments to implement and enforce the reporting  
13 requirements of this Act and whether any additional  
14 funding is necessary; and
- 15 (5) Prepare a schedule for implementation of the  
16 electronic reporting system that is appropriate for  
17 each county.

18 SECTION 4. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20 SECTION 5. This Act shall take effect upon its approval;  
21 provided that section 2 shall take effect on January 1, 2010.



**Report Title:**

Pawnbrokers; Secondhand Dealers

**Description:**

Changes the method used to record the daily transactions of pawnbrokers and secondhand dealers, from a manual system to an electronic system. (HB2553 HD1)

