

JAN 18 2008

S.B. NO. 2567

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 is the driving force behind this high rate. This nexus
4 exists because stolen property can be turned into ready cash for
5 drug uses. As long as it is rewarding for drug users to turn
6 stolen property into cash through pawnbrokers and secondhand
7 dealers, this cycle will continue. The legislature finds that
8 ultimately this has a detrimental effect on the quality of life
9 in Hawaii and that measures need to be pursued to stop this
10 cycle.

11 Currently, pawn tickets are manually entered into a
12 computer system, which is an antiquated approach as this can be
13 a time consuming process. Furthermore, law enforcement
14 investigations may be hampered by waiting long periods of time
15 to gain access to needed information. The introduction of an
16 automated system can reduce the recovery time for stolen items,
17 will increase the speed by which information is transferred from



1 the pawnshop or secondhand dealers to law enforcement agencies,
2 and allow law enforcement officials to inspect and track
3 transactions on a more timely-basis. The timely transfer of
4 information through the electronic transfer of pawnshop receipts
5 will lead to earlier identification of perpetrators and increase
6 the probability of solving stolen property crimes.

7 The purpose of this Act is to require pawnbrokers and
8 secondhand dealers to change daily record transaction methods
9 from a manual system to an electronic method through the use of
10 the Internet or a computer disk.

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

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

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



- 1 (3) The date and time the article was received by the
- 2 dealer;
- 3 (4) The signature of the person from whom the article was
- 4 received;
- 5 (5) The Hawaii [+]driver's[+] license number, or if the
- 6 person does not possess a Hawaii [+]driver's[+]
- 7 license, the number of and description of any
- 8 government issued identification [~~which~~] that bears a
- 9 photograph of the person from whom the article was
- 10 received;
- 11 (6) A complete and accurate description of the article
- 12 received, including all markings, names, initials, and
- 13 inscriptions;
- 14 (7) A reasonable estimate of the fineness and weights of
- 15 the precious and semiprecious metals and precious and
- 16 semiprecious gems received; and
- 17 (8) The price paid by the dealer for each article.

18 (b) Upon request and at the discretion of the chief of
19 police of each county, copies of all completed forms required by
20 this section shall be surrendered, mailed, or electronically
21 inputted and transmitted via modem or by facsimile transmittal
22 to the chief of police or to the chief of police's authorized



1 representative. The method of submittal to the chief of police
2 shall be at the option of the [~~dealer.~~] chief of police.

3 (c) Every dealer, or the agent, employee, or
4 representative of the dealer operating as a pawnbroker or
5 secondhand dealer shall perform electronic daily reporting via
6 the Internet or computer disk in a manner directed by the police
7 department using software designated by the police department;
8 provided that a dealer, or the agent, employee, or
9 representative of the dealer operating as a pawnbroker or
10 secondhand dealer shall be allowed to continue using existing
11 software deemed by the police department to be sufficient to
12 meet the electronic reporting requirements of this section.

13 (d) Every dealer, or the agent, employee, or
14 representative of the dealer operating as a pawnbroker or
15 secondhand dealer shall make a daily report to the police
16 department in the form and manner as directed by the police
17 department or agent thereof, of all property pledged, received,
18 traded, bartered, bought, or otherwise acquired during the
19 twenty-four hours ending at 8:00 p.m. on the date of the report.
20 The report shall be transmitted electronically or on a computer
21 disk in accordance with procedures set forth by the chief of
22 police for that county.



1 (e) A dealer, or the agent, employee, or representative of
2 the dealer operating as a pawnbroker or secondhand dealer shall
3 not be responsible for a delay in the transmission that results
4 from a malfunction in the database.

5 (f) If a dealer, or the agent, employee, or representative
6 of the dealer operating as a pawnbroker or secondhand dealer
7 discovers an error in the transmitted reportable data, the
8 dealer, or the agent, employee, or representative of the dealer
9 operating as a pawnbroker or secondhand dealer shall immediately
10 correct the error. If the police department discovers an error
11 in the transmitted reportable data, the dealer, or the agent,
12 employee, or representative of the dealer operating as a
13 pawnbroker or secondhand dealer shall be allowed at least thirty
14 days to correct the error, commencing upon the receipt of notice
15 of the error from the police department.

16 (g) If the dealer, or the agent, employee, or
17 representative of the dealer operating as a pawnbroker or
18 secondhand dealer experiences a computer malfunction, the
19 dealer, or the agent, employee, or representative of the dealer
20 operating as a pawnbroker or secondhand dealer shall be allowed
21 a period of at least fifteen days within which to repair the
22 malfunction. During this time period, the dealer, or the agent,



1 employee, or representative of the dealer operating as a
2 pawnbroker or secondhand dealer shall not be in violation of
3 this section if the dealer, of the agent, employee, or
4 representative of the dealer operating as a pawnbroker or
5 secondhand dealer has notified the police department of the
6 malfunction and is making a bona fide effort to repair the
7 malfunction.

8 (h) During the periods under subsection (e), (f), and (g),
9 the pawnbroker or secondhand dealer and the chief of police for
10 that county shall arrange a mutually acceptable alternative
11 method by which the pawnbroker or secondhand dealer provides the
12 reportable data to the chief of police for that county.

13 (i) Regardless of the cause or origin of the technical
14 problems that prevented the pawnshop or secondhand dealer from
15 uploading their reportable transactions, upon correction of the
16 problem, the dealer, or the agent, employee, or representative
17 of the dealer operating as a pawnbroker or secondhand dealer
18 shall upload every reportable transaction from every business
19 day since the problem existed.

20 (j) When the respective pawnshop or secondhand dealer
21 converts to using the automated pawnshop system, an
22 administrative fee of \$1.50 shall be charged to each transaction



1 to offset the administrative costs of the new system. This
2 money shall be used to cover the administrative cost for
3 submitting each transaction, which is required to be inputted to
4 the automated system pawnshop or secondhand dealer system. This
5 fee may change over time based on increases or decreases charged
6 by the automated pawnshop or secondhand dealer system provider."

7 SECTION 3. Due to the complexity of implementing the
8 automated pawnshop and secondhand dealer recording system, it
9 shall be phased-in over eighteen months, beginning when the pawn
10 transaction database is initially capable of receiving pawnshop
11 or secondhand dealer transaction information. Approximately
12 one-third of all pawnshops and secondhand dealers in the State
13 shall convert to an automated web-based computer system in six-
14 month period increments with the first six-month increment
15 beginning on the effective date of this Act. The completion
16 date for the total conversion to the automated pawnshop and
17 secondhand dealer recording system shall be determined by the
18 chief of police of each county. During each six-month time
19 period, the county police departments, pawnshops, and secondhand
20 dealers shall collaborate to do the following prior to the
21 implementation of the automated system:



- 1 (1) Develop reporting requirements that are not unduly
- 2 burdensome;
- 3 (2) Investigate and select software options;
- 4 (3) Establish minimum reporting requirements deemed
- 5 necessary by the county police departments to
- 6 effectively track the business transactions;
- 7 (4) Determine the current ability of each county police
- 8 department to implement and enforce the reporting
- 9 requirements, and decide if any additional funding
- 10 requirements may be necessary; and
- 11 (5) Prepare a schedule to implement the automated system
- 12 that is appropriate for each county.

13 SECTION 4. There shall be a test period of the automated

14 system, which shall commence on the date a pawnbroker or

15 secondhand dealer begins transmitting reportable data into the

16 automated pawnshop or secondhand dealer reporting system. The

17 length of the test period shall be a period mutually agreed upon

18 between the chief of police for that county and the pawnbroker

19 or secondhand dealer, but shall not exceed ninety days.

20 SECTION 5. Statutory material to be repealed is bracketed

21 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect upon its approval.

2 INTRODUCED BY: Amne Mercado K.



Report Title:

Pawnbrokers and Secondhand Dealers

Description:

Requires pawnbrokers and secondhand dealers to change daily record transaction methods from a manual system to an electronic method through the use of the Internet or a computer disk.

