

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2202

STATE OF NEW JERSEY

DATED: MARCH 11, 2021

The Senate Commerce Committee reports favorably Senate Bill No. 2202.

This bill modifies recordkeeping laws related to the sale of precious metals to make them consistent with the requirements for secondhand jewelry transactions, and increases the penalties imposed on secondhand jewelry and precious metal buyers who violate certain recordkeeping laws.

Under current law, the retention periods for precious metal transactions are shorter than those required for jewelry retailers, wholesalers, and smelters who purchase used or secondhand jewelry. Currently, buyers are required to retain detailed records of precious metal transactions for a period of one year and are required to retain the precious metals in the form they were purchased for a period of two days. A person who violates these provisions is subject to a mandatory penalty of between \$500 and \$1,000.

Current law requires jewelry retailers, wholesalers, and smelters to maintain detailed records of all secondhand jewelry they purchase for five years, and deliver a copy of these records to the local police department each week. The jewelry may not be sold until 10 business days after the records are delivered. A person who violates these record-keeping provisions is presumed to have the requisite knowledge or belief for a violation of N.J.S.2C:20-7, which prohibits the receipt of stolen property. Currently, there is no specific penalty for violating these recordkeeping requirements when knowledge of the receipt of stolen property under N.J.S.2C:20-7 is not established.

The bill requires precious metal buyers to verify the identity of a seller by examining a driver's license or other government-issued form of photograph identification, as required for used and secondhand jewelry purchases. In addition, the bill extends the period of time that records for precious metal purchases are required to be retained to five years, and the period of time precious metals are to be retained in the form in which they were purchased to 10 days. The bill further provides that the retention period for precious metals in the form of used and secondhand jewelry begins following the delivery of the record of purchase to the local police department, as required for used or secondhand jewelry, unless a municipal ordinance adopted prior to January 16, 2010 provides for a longer retention period.

The bill also increases the penalties for a violation of the recordkeeping requirements for precious metal purchases. Under the bill, the same mandatory civil penalty would continue to be imposed on first-time offenders. However, a subsequent violation would constitute a petty disorderly persons offense, which is punishable by a fine of up to \$500, imprisonment for up to 30 days, or both. Subsequent violations also would be punishable by an additional mandatory civil penalty of not less than \$1,000 or more than \$2,500. These penalties are in addition to any other fines or penalties that may be imposed under the State's criminal code.

The bill also establishes penalties for violating the recordkeeping requirements for used and secondhand jewelry, which are consistent with the increased penalties established under the bill for precious metal transactions.