

May 6, 2009

**H 1637. MODERNIZE PRECIOUS METAL BUSINESS PERMITTING.** Filed 5/6/09. *TO MODERNIZE THE RECORD KEEPING OF PRECIOUS METALS PURCHASES BY DEALERS, TO SUBJECT ALL DEALERS IN PRECIOUS METALS TO THE SAME LICENSING AND RECORD-KEEPING REQUIREMENTS BY REPEALING THE "TEN PERCENT OR LESS OF PURCHASES" EXEMPTION FROM DEALER PERMITTING AND REGULATION, TO INCREASE PRECIOUS METAL PERMITTING FEES, TO REQUIRE THAT A CRIMINAL RECORD CHECK BE CONDUCTED ON EMPLOYEES OF PRECIOUS METALS DEALERS, AND TO MAKE VARIOUS OTHER CHANGES TO THE PRECIOUS METALS PERMITTING STATUTES.*

Amends GS 66-164 to modify the definition of *dealer* to mean any person (was, a person engaging in the business of purchasing) who purchases precious metals from the public, other than by an exempted transaction. Provides that exempted transactions include (1) direct purchases for their inventories by permanently located retail merchants from manufacturers or wholesalers of precious metals and (2) pawns or pledges of items made of precious metals made to pawnbrokers as defined in GS 91A-3. Eliminates the exemption for a retail merchant who purchases precious metal from the public incidental to a main business with those purchases constituting 10% or less of the total purchases or acquisitions in the year prior to applying for the exemption. Clarifies the definition of *local law enforcement agency*. Also makes technical changes. Effective October 1, 2009.

Current law provides that it is unlawful to engage as a dealer in the business of purchasing precious metals without first obtaining a permit. Amends GS 66-165 to increase the permit fee from \$10 to \$250 and to require that a criminal record check be conducted on employees of precious metals dealers. Also increases the fee to \$250 (was, \$10) for a special occasion permit, which authorizes the permit holder to purchase precious metals as a dealer participating in any trade shows, antique shows, and crafts shows conducted within the state. Effective October 1, 2009.

Amends GS 66-166 to require merchants, issued an exemption from permitting requirements due to the percentage of total business related to precious metals purchases, to maintain a record of each precious metals purchase that includes a clear and accurate description of the item or items purchased and the date of the transaction. Provides that the records are subject to inspection on the premises by law enforcement agencies. Requires that a hard copy record be kept for at least two years after the last recorded transaction and that an electronic record be maintained for at least two years from the last entry and produced in hard copy form upon the request of a law enforcement agency. Prohibits local law enforcement agencies from issuing an exemption under this provision after September 30, 2009, and allows exemptions issued on or before that date to remain in effect until 12 months after issuance. Effective October 1, 2012, repeals GS 66-166.

Makes clarifying and conforming changes to GS 66-169 concerning record-keeping requirements for permitted dealers, including providing for an electronic database that prevents record deletions, tracks modifications to records, and allows for electronic signatures. Provides for electronic reporting to the local law enforcement agency in a manner authorized by that agency. Requires the production of hard copy records upon request by the law enforcement agency.

Amends GS 66-170 to provide that no item included in a dealer purchase is to be sold, traded, or modified or removed from the licensed premises before the earlier of (1) seven days after the date that purchase ticket is recorded electronically pursuant to GS 66-169 or (2) 30 days after the transaction.

Amends GS 66-174 to authorize each city or county to adopt additional rules and regulations that are consistent with this Article by ordinance, including requiring that applicants for a permit consent to being fingerprinted or produce additional identifying information.

Except as otherwise indicated, effective when it becomes law.

**Intro. by Samuelson.**

GS 66

July 6, 2009

**H 1637. MODERNIZE PRECIOUS METAL BUSINESS PERMITTING.** Filed 5/6/09. House committee substitute makes the following changes to 1st edition. Amends the definition of *dealer* in GS 66-164 with regards to exempted transactions. Provides that an exempted transaction is (1) one that is not considered in determining whether a person is a dealer under this Article, and (2) not subject to the requirements of this Article, even if the transaction is entered into by a person otherwise defined and regulated as a dealer. Expands exempted transactions to include (1) pawns, pledges, or purchases (was, pawns or pledges) of items made of precious metals, if the transaction is entered into by a *licensed* pawnbroker under the provisions of GS Chapter 91A; and (2) the acquisition of precious metals by a permanently located retail merchant through barter or exchange for other items sold in the ordinary course of the merchant's business under specified limitations (was, exempted transactions include purchases made directly from manufacturers or wholesalers of precious metals by permanently located retail merchants for their inventories and pawns or pledges of items made of precious metals under the provisions of Chapter 91A and made to pawnbrokers as defined in GS 91A-3). Amends the definition of precious metal to also include palladium (was, only gold, silver or platinum).

Amends GS 66-165 to prohibit anyone other than the dealer named on the permit or special occasion permit and that dealer's employees from engaging in the business of purchasing precious metal under the authority of either permit. Additionally, provides that *tourist home* is no longer defined as the term is used in GS 105-61. Amends the conditions for (1) receipt of a dealers permit for engaging in the business of purchasing precious metals, and (2) receipt of a special occasion permit to purchase precious metals as a dealer participating in trade shows, antique shows, and craft shows in the state, to require that any applicant, including an officer, partner, or director of a partnership, association, or corporation, who has been convicted of certain specified felonies be denied a permit unless the applicant has had his or her citizenship rights restored pursuant to GS Chapter 13 for five years or longer immediately preceding the date of the permit application (was, prohibited issuance of a permit to an applicant who had been convicted of certain specified felonies within five years prior to the date of the application). Also provides that an employee of a dealer who is required to be licensed under this section, who has been convicted of certain specified felonies, must have had his or her citizenship rights restored pursuant to GS Chapter 13 for five years or longer immediately preceding the date of the required employee registration (was, prohibited employment in the precious metal business of a person convicted of certain specified felonies). Provides that an employee who is engaged only incidentally to his or her main job responsibilities in the precious metal purchasing business is not subject to these requirements. Requires that records of all precious metal transactions be signed by the licensed dealer or a registered employee at the time of the transaction.

Deletes changes to GS 66-166 (exemptions from permits; record keeping under an exemption) and proposed GS 66-174 (county and municipal ordinances).

Amends GS 66-169 to provide that required records are to be consecutively numbered (was, serially numbered). Amends GS 66-170 to prohibit removing any item included in a dealer purchase from any location specified on the application for a special occasion permit for a period of seven days from the date that the transaction was reported in accordance with GS 66-169.

Makes additional technical and clarifying changes. Makes conforming changes to the title.

Makes the entire act effective October 1, 2009 (was, the repeal of GS 66-166 was effective October 1, 2012, and amendments to GS 66-164 and GS 66-165 were effective when they became law). Provides that a dealer required to be licensed under this act, but who was not required to be licensed before the effective date of this act, is not guilty of engaging as a dealer in the business of purchasing precious metals without a license during the period between October 1, 2009, and January 1, 2010.

July 20, 2009

**H 1637. MODERNIZE PRECIOUS METAL BUSINESS PERMITTING.** Filed 5/6/09. House committee substitute makes the following changes to 2nd edition. Deletes the term *palladium* from the definition for *precious metal* in GS 66-164. Amends GS 66-165 to set the annual fee for a dealer permit at \$180 (was, \$250 in 2nd edition). Specifies that the purpose of the fee is to

support administrative costs of law enforcement agencies for the purchase of the required forms and *the cost of conducting the criminal history record check of the applicant*.

Allows the Department of Justice (DOJ) to provide a criminal history record check to the local law enforcement agency (agency) for a precious metal business employee. Requires the agency to submit its request along with additional information required by the DOJ, including the employee's fingerprints and a form signed by the employee consenting to the criminal background check. Provides guidelines for submitting the employee's fingerprints to the State Bureau of Investigation and the Federal Bureau of Investigation and directs that all the information is to be kept confidential and is not a public record under GS Chapter 132.

Under current law, a special occasion permit authorizes the permit holder to purchase precious metals as a dealer participating in any trade show, antique shows, and crafts shows held within the state. Provides that the Department of Crime Control and Public Safety is to approve special occasion permit forms for *both* the application and the permit. Directs that the applicant for a special occasion permit provide a physical address located in the law enforcement jurisdiction where the purchase was made and where the purchased items will be held for the period required under GS 66-170 (was, required the applicant to provide a physical address in this state where any item included in a dealer purchase was to be held for the period required under GS 66-170). Sets the filing fee for a special occasion permit application at \$180 (was, \$250 in 2nd edition) and specifies that the purpose of the fee is to support administrative costs of law enforcement agencies for the purchase of the required forms and *the cost of conducting the criminal history record check of the applicant*. Provides that a special occasion permit is valid (was, shall be valid) for 12 months from the date issued and may be renewed for an additional 12 months for a nonrefundable renewal fee of \$180 (was, \$10).

Makes technical and stylistic changes.

August 4, 2009

**H 1637. MODERNIZE PRECIOUS METAL BUSINESS PERMITTING.** Filed 5/6/09. Senate committee substitute makes the following changes to 3rd edition. Amends GS 66-164 to include palladium, as defined, in the definition of *precious metal*. Amends GS 66-165 to require that the address where the item is to be held for the required period to be the location where the purchase was made, unless another physical address within the law enforcement jurisdiction where the purchase was made is approved by the law enforcement agency that issued the permit (was, in the law enforcement jurisdiction where the purchase was made).

September 1, 2009

**SL 2009-482 (H 1637). MODERNIZE PRECIOUS METAL BUSINESS PERMITTING. AN ACT TO MODERNIZE THE RECORD KEEPING OF PRECIOUS METALS PURCHASES BY DEALERS, TO SUBJECT ALL DEALERS IN PRECIOUS METALS TO SIMILAR RECORD-KEEPING REQUIREMENTS, TO INCREASE PRECIOUS METALS PERMITTING FEES, TO REQUIRE THAT A CRIMINAL HISTORY RECORD CHECK BE CONDUCTED ON EMPLOYEES OF PRECIOUS METALS DEALERS, AND TO MAKE VARIOUS OTHER CHANGES TO THE PRECIOUS METALS PERMITTING STATUTES.** Summarized in *Daily Bulletin* 5/6/09, 7/6/09, 7/20/09, and 8/4/09. Enacted August 26, 2009. Effective October 1, 2009.