

City of Lambertville

ORDINANCE NUMBER 12-2016

An Ordinance to Create A Unified Electronic Reporting System for Dealers in Precious Metals and Other Secondhand Goods

§ Purpose and Intent

The purpose and intent of this chapter is to assist law enforcement officials and victims of crime in recovering stolen precious metals and other secondhand goods by requiring minimum identification, reporting, maintenance, and distribution criteria for licensed dealers in these goods.

No person shall use, exercise, or carry on the business, trade, or occupation of the buying, selling, or pawning of precious metals and other secondhand goods without complying with the requirements of this chapter in the exact manner described within.

§ Definitions

“ACCEPTABLE IDENTIFICATION” which means a current valid New Jersey Driver’s License or Identification Card, a current valid photo driver’s license issued by another US State, a valid United States Passport, or other verifiable US Government issued identification, which will be recorded on the receipt retained by the dealer and subsequently forwarded to the local police department on request.

“DEALER” means any person, partnership, limited liability company, corporation, or other entity who, either wholly or in part, engages in or operates any of the following trades or businesses: the buying for purposes of resale of precious metals, jewelry, or other secondhand goods as defined herein; pawnbrokers as defined herein; itinerant businesses as defined herein. For the purposes of this ordinance transient buyers, as defined herein, are subject to the same licensing and reporting requirements as any other dealers.

“ITINERANT BUSINESS” means a dealer who conducts business intermittently within the municipality or at varying locations. All Itinerant Business owners must also comply with Section 5-5 of the Lambertville City Code, 2014.

“MUNICIPAL CLERK” means the statutory officer whose duties are defined in N.J.S.A. 40A:9-133 and may refer to the duly appointed clerk of the “city,” “town,” “township,” “village,” or “borough.”

“PAWNBROKER” means any person, partnership, association or corporation: lending money on deposit or pledge of personal property, other than choses in action, securities, or printed evidences of indebtedness; purchasing personal property on condition of selling it back at a stipulated price; or doing business as furniture storage warehousemen and lending money on goods, wares or merchandise pledged or deposited as collateral security.

“PRECIOUS METALS” means gold, silver, platinum, palladium, and their alloys as defined in N.J.S.A. 51:5-1 et seq. and N.J.S.A. 51:6-1 et seq.

“PUBLIC” means individuals and retail sellers, not to include wholesale transactions or transactions between other merchants.

“REPORTABLE TRANSACTION” means every transaction conducted between a dealer and a member of the public in which precious metals and other secondhand goods is purchased or pawned.

“SECONDHAND GOODS” means used goods such as antiques, gold silver, platinum, or other precious metals, jewelry, coins, gemstones, gift cards, any tools, telephones, typewriters, word processors, GPS devices, computers, computer hardware and software, television sets, radios, record or stereo sets, electronic devices, musical instruments, sporting goods, automotive equipment, collectibles, game cartridges, DVSSs, CSs and other electronically recorded material, firearms, cameras and camera equipment, video equipment, furniture, clothing, and other valuable articles. For the purposes of this ordinance, secondhand goods shall not include goods transacted in the following manner: i) judicial sales or sales by executors or administrators; ii) occasional or auction sales of household goods sold from private homes; iii) auctions of real estate; iv) the occasional sale, purchase, or exchange of coins or stamps by a person at his permanent residents or in any municipally owned building who is engaged in the hobby of collecting coins or stamps and who does not solicit the sale, purchase, or exchange of such coins or stamps to or from the general public by billboard, sign, handbill, newspaper, magazine, radio, television, or other form of printed or electronic advertising.

“SELLER” means a member of the public who sells or pawns used goods such as precious metals and other secondhand goods to a dealer.

“TRANSIENT BUYER” means a dealer, as defined herein, who has not been in a registered retail business continuously for at least six (6) at any address in the municipality where the dealer is required to register who intends to close out or discontinue all retail business within six (6) months.

§ License Requirement for Dealers

No person, partnership, Limited Liability Company, corporation, or other entity shall engage in of buying, selling, or pawning of precious metals or other secondhand goods, as defined above, within the jurisdiction of the municipality, without having first obtained a license therefore from the Municipal Clerk, which license shall bear a number issued by the Municipal Clerk. The application for a license to the Municipal Clerk shall set forth the name, date of birth, and address of the dealer, whether or not he or she is a citizen of the United States, and whether or not he or she has ever been convicted of any crime(s), disorderly person’s offense(s), or municipal ordinance violation(s), and the date(s) thereof. Advertising in any print or electronic media or by sign that any of those articles or secondhand goods referred to in § 2 above are being bought in any location within the municipality shall constitute engaging in business as a dealer of secondhand goods for the purposes of this chapter. No person, partnership, Limited Liability Company, corporation or other entity shall place or cause to be placed any advertisement for purchase of such item(s) without stating in the advertising the license number issued to a person or entity by the municipality. In any print advertisement, the license number shall appear in type no smaller than eight point in the lower-right-hand corner of the advertisement. In any

advertisement in electronic media, the license number shall be visually or audibly stated. Failure to state or indicate the license number shall be a violation of the chapter and shall be subject to the penalties established in § 9.

§ Application process for Dealers; Approval or Denial

- A) Upon receipt of an application completed pursuant to this chapter, the Municipal Clerk shall refer such application to the Police Director, who shall make an investigation of the prospective licensee, pursuant to this chapter for the purpose of determining the suitability of the applicant for licensing. The investigation shall include, but shall not be limited to the following:
- 1) The experience of the applicant in the business of purchase and sale of precious metals and other secondhand goods, although nothing in this section shall be construed to warrant denial of a license solely on the basis of lack of experience;
 - 2) The reputation of the applicant for fair dealing in the community, which shall be made among credible sources, which sources shall be disclosed to the applicant in the event of a denial of any license;
 - 3) Any criminal record of the applicant including any past convictions for any crime(s), disorderly person's offense(s), or municipal ordinance violation(s) within this or any other jurisdiction. The Police Director may, as part of the application process, require a fingerprint criminal background check through the Federal Bureau of Investigation, Criminal Justice Information Services Division, which may require an additional fee from the applicant.
 - 4) The type of operation contemplated to be conducted by the applicant, particularly whether the business is to be operated from a fixed location, whether it is to be conducted from a location primarily devoted to the purchase and sale of precious metals and other secondhand goods, and other factors bearing on whether the licensed business will be of a fixed and permanent nature. This section shall not be construed to require denial of any license solely on the grounds that the business is not from a fixed location or that the applicant is a transient buyer or itinerant business, however applicants who fall under the category of a transient buyer or itinerant business must state with specificity on the license application the business address where transaction records required by § 6(D) of this chapter will be stored as well as the location where precious metals and other secondhand goods purchased will be retained during the mandatory inspection period required un § 6(A). All Itinerant Business owners must also comply with Section 5-5 of the Lambertville City Code, 2014.
- B) The Police Director shall complete any investigation pursuant to this chapter within thirty (30) days of the submission of the application to the Municipal Clerk, fully completed by the applicant. If a criminal record check has been requested within the thirty-day period and has not been received by the Police Director within that period, the Police Director may, if all other factors are satisfactory, recommend a conditional issuance of the license subject to the finding regarding criminal record.
- C) The Police Director shall, upon completion of the investigation, recommend "grant" or "denial" of the license to the Municipal Clerk, who shall grant or deny the license. Any recommendation of denial, shall state fully and specifically the reasons for said recommendation. If the Municipal Clerk accepts the recommendation of the Police

Director to deny any license, the applicant shall be notified in writing within ten (10) days of such denial and the Clerk shall forward to the applicant a statement of the reason or reasons for such denial.

- D) Grounds for recommending denial of license may include reliable information indicating the applicant has in the past engaged in fraudulent or deceptive business practices in a business identical to or similar to precious metals and other secondhand goods business. A license may be denied if the investigation reveals a conviction of the applicant or any of its principal officers or employees of any crime(s), disorderly persons offense(s) in which deceit or misrepresentation of an element; or any conviction of any crime(s), disorderly persons offense involving theft or the receiving of stolen goods, regardless of whether the applicant was a principal, accessory before the fact, after the fact, or a co-conspirator; or any prior municipal ordinance violation(s) by the applicant or any of its principal officers or employees in this or any other jurisdiction. A license may be denied if the applicant fails to demonstrate an ability to satisfactorily comply with the electronic reporting requirements specified in § 5, the retention and inspection requirements of § 6, or any other portion of this chapter. Upon receipt of the recommendation of the Police Director, the Municipal Clerk shall issue or deny the license accordingly, contingent upon the receipt of a bond as required by § 8 of this chapter.
- E) Whenever any application for a permit is denied, the applicant shall be entitled to a hearing before a three-person panel appointed by the Police Director, at which time the applicant shall be permitted to introduce such evidence as may be deemed relevant to such denial. Any applicant exercising the right to appeal must file a written notice of appeal within ten (10) days of receiving written notice of denial of a license to act as a dealer of secondhand goods.
- F) No license shall be assignable by the dealer.

§ 5 Identification of Seller; Recordkeeping Requirements for the Dealer

For every reportable transaction between a dealer and the public, the dealer shall be required to do as follows:

- A) Require of each member of the public selling precious metals and other secondhand goods acceptable identification as defined above in § 2.
- B) Require each seller to execute a "Declaration of Ownership," which shall contain the following certification: "*My signature confirms that I am the sole legal owner of and am legally authorized to sell the goods being sold. By signing below I certify that I did not obtain and do not possess the identified goods through unlawful means. I am the full age of eighteen years and the identification presented is valid and correct.*"
- C) Record and issue to each person selling or pawning such goods on a sequentially numbered receipt:
 - 1) The name, address and telephone number of the purchaser, including the clerk or employee of the licensee making the purchase;
 - 2) The name, address, date of birth and telephone number of the seller or sellers;
 - 3) A photographed recording of the seller in a format acceptable to the Police Director, along with a physical description of the seller, including height and weight (approximate), hair color, eye color, facial hair, if any, etc.;

- 4) A photographed recording of the seller's presented acceptable identification, as set forth in § 2, in a format acceptable to the Police Director;
 - 5) A photographed recording for all items sold in a format acceptable to the Police Director;
 - 6) The receipt number;
 - 7) A full description of the item(s) purchased, including but not limited to the manufacturer, type, amount, form, model, any identifying marks, numbers, dates, sizes, shapes, initials, monograms, and serial numbers;
 - 8) The price paid for the item(s);
 - 9) The make, model and license plate of the motor vehicle delivering the precious metals and other secondhand goods;
 - 10) The time and date of the transaction.
- D) The information outlined in subsection (C) above must additionally be documented through the use of an electronic database software system authorized by the Police Director. Installation and training in this software will be made mandatory as of the effective date of this chapter and licensing will be conditional upon compliance with proper use of the system as described herein. These records shall be subject to the inspection of any authorized police officer or any sworn law enforcement officer acting in the performance of their duty as set forth in subsection (F) below. Through the use of applicably required computer equipment, and using the electronic format approved by the Police Director, every dealer shall enter all reportable transactions into the electronic database by the end of close of business on the same date as the purchase. The information entered must contain all pertinent information outlined in subsection (c) above.
- E) In the event of a database failure, or dealer's computer equipment malfunction, all transaction information is required to be submitted on paper forms approved by the Police Director within twenty-four hours from the date of purchase. In the event that paper forms are used, the dealer is responsible to enter all transaction information set forth in subsection (c) above into the database as soon as possible upon the dealer's equipment being repaired or replaced, or the database coming back into service. Failure by the dealer to properly maintain computer equipment in a reasonable fashion, or failure by the dealer to replace faulty computer equipment, may result in the dealer being cited for a violation of this chapter and subsequently being subject to the penalties for doing so including revocation of the dealer's license as described in § 6.
- F) It shall be the requisite duty of every dealer, and of every person in the dealer's employ, to admit to the premises during business hours any member of the police department to examine any database, book, ledger, or any other record on the premises relating to the reportable transactions of precious metals and other secondhand goods as well as the articles purchased and, where necessary, relinquish custody of those articles as provided in §6. Itinerant businesses and transient buyers will be responsible for notifying the Police Director of the address where records and articles will be stored.

§ 6 Retention; Suspension and Revocation; Other Restrictions

- A) All precious metals and other secondhand goods purchased by a dealer in a reportable transaction are to be made available for inspection by the Police Director or designee thereof at the designated business address for a period of at least seven (7) calendar days

from the date of the transaction information is actually reported to the Police Director in the approved manner described above in § 5 except for jewelry, which must be maintained for at least ten (10) business days or for the statutory period provided in N.J.S.A. 2C:21-36(d). All precious metals and other secondhand goods subject to inspection must remain in the same condition as when purchased and shall not be sold, disposed of, changed, modified, or melted by the dealer until the seven-day retention period has expired. Itinerant businesses and transient buyers will be responsible for notifying the Police Director of the location where the purchased precious metals and other secondhand goods is being held.

- B) Upon probable cause that goods held by a dealer are stolen, and providing that the seller signed the mandatory statement required by § 5(B) upon the sale of those goods, a law enforcement officer with jurisdiction should charge the seller with theft by deception under N.J.S.A. 2C:2-4 on behalf of the dealer, who shall be considered the “victim” of the offense for the purposes of N.J.S.A. 2C:43-3. The officer shall seize the goods, provide the dealer with a receipt, and issue a criminal complaint against the seller for theft by deception and any other criminal charges for which the officer has probable cause that the seller has committed. If convicted of theft by deception and if so found by an order of a court of valid jurisdiction, the seller will be responsible for providing restitution to the dealer under N.J.S.A. 2C:44-2 for the amount paid by the dealer to the seller for the stolen goods.
- C) It shall be an affirmative defense to any prosecution or administrative proceeding brought against a dealer for a violation of this section if retention for the time period required would have resulted in serious and substantial economic losses to the dealer, or the probability of such losses was significant due to rapid and highly fluctuating market conditions, provided that the persons so charged shall prove the existence of the market conditions giving rise to the aforesaid defense by a preponderance of the evidence. Market conditions, in order to be a defense hereunder, must be such that financial analysts would characterize trading as at or approaching a level or occurrence so as to clearly distinguish trading conditions from normal variations in the market movement in response to economic news or other events.
- D) In addition to all other reporting requirements, every dealer shall maintain for at least five years, a written record of all purchases of precious metals and other secondhand goods in the manner prescribed in § 5(c).
- E) No dealer shall purchase any item covered by this chapter from any person under the age of 18 or in the absence of providing prior notification of such purchase to the Police Director or business designee identifying the individual from whom such purchase is to be made and the item to be purchased.
- F) Suspension. The Police Director or a designee thereof is hereby empowered to temporarily suspend for cause any dealer’s license and rights to operate thereunder. This penalty shall be in addition to any fines and penalties the dealer may incur pursuant to § 9 of this chapter.
 - 1) Grounds for suspension. The following shall constitute grounds for suspension: violation of any provisions of this chapter, including failure to comply with any training or fees associated with the electronic database software system in use by the municipality; violation of any other statute, regulation, or local ordinance; or any other illegal, improper, or fraudulent activity.

- 2) Procedure for suspension. Upon determination that appropriate grounds exist and that a suspension is warranted, the Police Director or a designee hereof shall issue a written notice of suspension of license to the offending dealer and to the Municipal Clerk, which shall set forth the grounds for suspension and notify the dealer of his or her right to appeal, pursuant to subsection (H). A temporary suspension shall be issued immediately, pending the outcome of any appeal taken. Suspended dealers must immediately cease all purchasing and/or selling of precious metals and other secondhand goods in the municipality until reinstatement.
 - 3) Reinstatement. Suspended dealers may be reinstated only when the grounds leading to the suspension have, in the determination of the Police Director or designee, been cured, corrected or appropriately rectified; or if reinstatement is deemed appropriate by the three-person panel appointed by the Police Director, upon the timely filing of an appeal as provided in subsection (H0).
- G) Revocation. A license issued under this chapter may be revoked by the Municipal Clerk upon written recommendation from the Police Director or designee that the dealer is no longer qualified, capable or competent to comply with the requirements of this chapter. This penalty shall be in addition to any fines and penalties the dealer may incur under § 9.
- 1) Grounds for revocation. The following shall constitute grounds for revocation: a third violation under this chapter; a second violation under this chapter less than one year after an earlier violation under this chapter; conviction for a criminal offense within this or any jurisdiction; or multiple violations of any regulations or local ordinances within this or any jurisdiction.
 - 2) Procedure for revocation. Upon a determination that appropriate grounds exist and that a revocation is warranted, the Police Director or designee shall so report to the Municipal Clerk in writing. A temporary suspension will immediately and automatically issue, if one is not already in effect, pending the outcome of the charge. A three-person panel, appointed by the Police Director, shall review the stated grounds for revocation and the panel shall issue an appropriate disposition of either suspension, revocation or reinstatement. If the panel determines that revocation is the appropriate disposition, it shall set forth the grounds for the same in writing in the form of a notice of revocation, which shall be provided to the dealer. The notice shall advise the dealer of the right to appeal. If the panel determines that suspension is the appropriate disposition, it shall provide the dealer with a notice of suspension that shall advise the dealer of the right to appeal. Following revocation, the dealer must relinquish his or her license and must immediately and indefinitely cease operating a precious metals and other secondhand goods business within the municipality.
- H) Appeal. Any applicant wishing to appeal an issuance of a suspension or revocation shall be entitled to a hearing before a three-person panel, appointed by the Police Director, at which time the applicant shall be permitted to introduce such evidence as may be deemed relevant to such suspension or revocation. Any applicant exercising the right to appeal must file a written notice of appeal within ten (10) days of receiving written notice of revocation or suspension of license.

- D) A dealer shall have the right to change the location of the licensed business, provided that he or she notified the Municipal Clerk, in writing, of the street address of said new **location**.

§ 7 Bond

Each dealer covered under this chapter shall deliver a bond to the Municipal Clerk executed by the applicant as principal and executed by a surety company authorized to do business under the laws of the State of New Jersey as surety. The bond shall be subject to review and approval by the Municipal Attorney, as defined in N.J.S.A. 40A: 9-139, and shall be in the penal sum of \$10,000, conditioned for the due and proper observance of and compliance with the provisions and requirements of all ordinances of the municipality in force or which may be adopted respecting the conduct of this business and conditioned also that the bond shall be and remain for the benefit of any person or persons who shall have received judgment against the dealer licensed under this chapter, which damage shall be established by a judgment of a court of proper jurisdiction. Said bond shall contain the following language: "The obligation of this bond shall, in addition to the party (City of Lambertville), be and remain for the benefit of any person who shall obtain a judgment against obligor and a result of damage sustained in operation pursuant to any license granted under this chapter." Said bond shall be kept for a minimum of one year from the date of issuance of license and must be renewed annually along with the license.

§ 8 Fees; period of license validity

A nonrefundable fee for the initial application and license for an operator of precious metals and other secondhand goods business, as covered under this chapter, is \$300. The annual renewal fee for a license is \$250. These fees are separate from and in addition to any fees the dealer will be required to pay in relation to the mandatory electronic database system designated by the Police Director, as provided by § 5(D) of this chapter. Payments are to be made in the manner directed by the Municipal Clerk. A license is valid for a one-year period from the date of its issuance.

§ 9 Violations and penalties

Violation of any provision of this chapter by any dealer shall, upon conviction thereof, be punished by a fine not in excess of the limitations of N.J.S.A. 40:49-5 or by a term of imprisonment or a period of community service not exceeding ninety (90) days in addition to a suspension or revocation of operating license as provided in § 6(F) and § 6(G) above. Each and every violation shall be considered a separate violation. Each violation shall result in an additional suspension period. Any person who is found guilty of violating the provisions of this chapter within one year of the date of a previous violation and who was fined for previous violation may be sentenced by the court to an additional fine as a repeat offender and, in addition, may be subject to revocation proceedings as provided in § 6(G). The additional fine imposed as a repeat offender shall not be less than the minimum or exceed the maximum fine provided herein, and same shall be calculated separately from the fine imposed for the violation of this chapter.

§ 10 Time limit for conformance; repealer; severability

- A) Any person, partnership, Limited Liability Company, corporation, or other entity engaging in the precious metals and other secondhand goods business shall conform to the provisions of this chapter within ninety (90) days following the effective date of this chapter.
- B) All ordinances or parts of ordinances inconsistent herewith are hereby repealed.
- C) Nothing contained in this chapter is intended to replace any pre-existing statutory requirements governing precious metals and other secondhand goods business, as in N.J.S.A. 45:28-1 et seq. or any other statutory provision regarding any subject matter discussed herein.
- D) If any section, subsection, sentence, clause, phrase, or portion of this chapter is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions hereof.

-INTRODUCED FOR FIRST READING: February 16, 2016

PUBLIC HEARING AND SECOND READING: March 15, 2016

CLERKS CERTIFICATE

I, Cynthia L. Ege, CMR, RMC, Clerk of the City of Lambertville, in the County of Hunterdon, State of New Jersey, HEREBY CERTIFY as follows:

1. I am the duly appointed Clerk of the City of Lambertville, in the County of Hunterdon, State of New Jersey (herein called the "City"). In this capacity, I have the responsibility to maintain the minutes of the meetings of the governing body of the City and the records relative to all ordinances and resolutions of the City. The representations made herein are based upon the records of the City.
2. Attached hereto is a true and complete copy of an ordinance passed by the governing body of the City on first reading February 16, 2016 and finally adopted by the governing body on March 15, 2016.
3. On February 17, 2016 a copy of the ordinance and a notice that copies of the ordinance would be made available to the members of the general public of the municipality who requested copies, up to and including the time of further consideration of the ordinance by the governing body, was posted in the principal municipal building of the City at the place where public notices are customarily posted. Copies of the ordinance were made available to all who requested them.
4. After final passage, the ordinance, a copy of which is attached hereto, was duly published on _____, 2016. No protest signed by any person against making the improvement or incurring the indebtedness authorized therein, nor any petition requesting that a referendum vote

be taken on the action proposed in the ordinance has been presented to the governing body or to me or filed in my office within the 20 days after the publication or at any other time after the final passage thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City this ____ day of _____.

Cynthia L. Ege, CMR, RMC, City Clerk



A handwritten signature in cursive script, reading "Cynthia L. Ege".