



**House
Legislative
Analysis
Section**

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GEM DEALER TRANSACTION FORMS

House Bill 4105 with committee amendments
First Analysis (4-19-89)

RECEIVED

Sponsor: Rep. Jan Dolan
Committee: Judiciary

MAY 23 1989

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THE APPARENT PROBLEM:

The Precious Metal and Gem Dealer Act was enacted in 1981 in an effort to stem activities in fencing stolen jewelry and other items made with precious metals. Among other things, it required dealers to maintain records of their purchases and report them to police, so that a "paper trail" might be followed to find thieves. It also required dealers to hold items for a period of time so that evidence would not be lost before police had a chance to investigate reports of stolen property.

Law enforcement agencies have identified at least two ways in which the act might be improved. Although a copy of the record of transaction form must be sent to the dealer's local police agency, there is no complementary requirement to send a copy to the customer's local law enforcement agency (the customer in this case being the person selling an item to the dealer). Thus, valuable information may not be made available to the police agency investigating a theft or series of thefts. Second, it has been pointed out that investigative efforts could be aided if the holding period was increased, so that additional time would be available to receive and respond to crime reports and dealer transaction records, the latter of which are sent through the mail.

THE CONTENT OF THE BILL:

The Precious Metal and Gem Dealer Act requires a gem dealer to complete a statutorily-prescribed record of transaction form each time a precious item is purchased or received from a "customer." (The bill would clarify this usage of "customer" by defining the term as the person from whom the dealer received a precious item.) The form is to be filled out in triplicate, with one copy going to the local police or sheriff's department, one to the customer, and one being retained by the dealer. Under the bill, if the customer resided outside the jurisdiction of the local police agency, a fourth copy would be sent to the police agency or sheriff's department in whose jurisdiction the customer resided. The bill would specify that the form be filled out in quadruplicate. The form would bear a blank in which the customer's county of residence would be indicated.

In addition, the bill would increase from seven to nine days the period for which a dealer must hold a precious item before selling or altering it.

MCL 445.482 et al.

FISCAL IMPLICATIONS:

There is no fiscal information at present. (4-19-89)

ARGUMENTS:

For:

While law enforcement agencies have found the Precious Metal and Gem Dealer Act useful in tracing burglars, the act could be made more effective with a few simple

changes. By requiring dealer purchases to be reported to a seller's local police as well as the dealer's local police, the bill would ensure that potentially useful information was sent to both the local agencies likely to be investigating thefts or fencing activities. The requirement would not be overly burdensome; copies of the statutorily-required records of transaction must already be sent to the dealer's local police. By requiring dealers to hold received items for nine days instead of seven, the bill would give law enforcement agencies a significant amount of extra time to receive and respond to theft reports and dealer information. At present, the holding period is seven days, a period which includes two weekends, thus in effect reducing the time for routine responses to five working days.

Against:

The bill is taking a cumbersome act and making it more so. Rather than have gem dealer transaction records being sent to various places, it would be better to have them sent to a central place such as the state police, so that complete information will be compiled and readily available to any jurisdiction in need of it. In addition, the bill could unfairly make a legitimate dealer who inadvertently sent a form to the wrong police agency vulnerable to overzealous enforcement of the act. The copies the bill proposes to have sent to a customer's local police or sheriff's department should instead be sent to the state police, or if not to the state police, then solely to the sheriff's department.

Response: At the time the act was enacted, it was argued that since it is the local police who investigate burglaries, it would be most effective to have dealers register with local agencies and submit information directly to them. Further, any confusion for dealers would be minimized, as the bill allows a dealer to send a transaction record to the customer's sheriff's department, and requires that the customer's county of residence be noted on the transaction form.

POSITIONS:

The Department of State Police supports the bill. (4-18-89)

The Michigan Association of Chiefs of Police support the bill. (4-19-89)

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