



Representative Michael E. Henne
Ohio House District 40

Chairman Young, Vice Chair DeVitis and members of the Economic Development, Commerce and Labor Committee, thank you for the opportunity to present HB 120, the Precious Metals Dealers bill.

On December 1st, 2008, I was at work and I received a call from my daughter who was just getting home from school. She was wondering why the back door was wide open. At that point every hair on my body stood up and I told her to get out of the house as I shot out the door to my car. A few weeks earlier the local police stopped by and had given us a head's up that the boyfriend of a former cleaning lady was out of prison and a few of her other former clients had been burglarized. I knew we had just become his next victim.

After the police came and sorted through the facts, I inquired about the jewelry that was stolen. It was not a large sum because after the warning my wife had hidden the good jewelry she had inherited so all he got was some items I had bought her over the years. I asked the detective if I should start canvassing the local pawn shops to see if the jewelry shows up. I was informed that criminals don't use pawn shops because of the strict laws. They use the precious metals dealers, "we buy gold" places who will have it melted down before anyone would even know they have it. The jewelry was gone, contact your insurance agent.

HB 120 is meant to correct this problem. HB 120 will require precious metals dealers to have a business location and to keep records, subject to regular review from the superintendent of financial institutions. Any owner, manager, officer or any agent directly engaged in purchasing precious metals from the public will have to submit to a criminal background check. With each purchase the precious metals dealer will be required to:

- record the identity of the seller from a government issued ID
- provide a description of the purchased item and make the information available to the local police
- hold the item for 15 days giving the police the opportunity to discover if it was stolen so they have a chance to return it to the rightful owner

The legislation also makes provisions for a precious metals dealer to host an auction, convention, exhibition, fair or show with a temporary exhibition permit. The host of the show could allow dealers who are licensed in other states to participate providing all participants adhere to the reporting and other requirements.



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In the boom of the financial crisis we heard advertisements on every radio/TV and saw fly by night operations on every corner wanting to buy "our" jewelry. I am not one to support government solutions to every problem or requiring government's approval to start a business, but it is appropriate in some cases. Precious metals dealers perform very similar functions as pawn brokers when they buy/sell items and need to be help to many of the same standards.

We worked with the Precious Metals Association, the Pawn Brokers Association, Department of Commerce: Financial Institutions and jewelers in an attempt to address everyone's concerns in this legislation.

I thank you for your consideration and would be happy to answer any questions the committee might have at this time.

