



MEMORANDUM

*Austin Police Department
Office of the Chief of Police*

TO: Mayor and Council Members
FROM: Art Acevedo, Chief of Police
DATE: June 21, 2012
SUBJECT: Secondhand dealer ordinance; Postponed from June 7, 2012 to June 28, 2012
CC: Marc A. Ott, City Manager
Michael McDonald, Deputy City Manager

This memo and the attached outline are being provided at Council Member Morrison's request to describe the purpose of the "secondhand dealer" ordinance, as well as the general regulatory scheme created by the ordinance. The ordinance was posted as an item from council on the June 7, 2012 agenda; it was postponed to June 28th.

As the attached outline reflects, the updated ordinance will enhance the Austin Police Department's (APD) ability to recover stolen goods by requiring that certain businesses become licensed with the City and report the purchase of certain types of merchandise that can be targeted by thieves. While pawn shops are required by state law to be licensed and report the purchase of all merchandise for resale, pawn, or loan, other businesses that buy, trade, or take on consignment goods for resale are not currently regulated. This ordinance is designed to fill that gap.

Personnel with APD have met numerous times with stakeholders, and the draft ordinance incorporates some changes recommended by those stakeholders. Specifically, APD met with:

Alan McMurtry with the Association of Professional Jewelers
Ricky Wilson President of the Association of Professional Jewelers
Mr. Krueger of Krueger Jewelers
Kurt Sutherland, owner of Austin Pawn and Jewelry
Scott Dorf with Play it Again Sports.

Further, the sponsors of the ordinance, Mayor Pro Tem Cole and Council Member Spelman, also met with a number of these same stakeholders.

The draft ordinance is similar to ordinances from other cities, including Killeen. APD's ability to recover stolen goods will be enhanced by adoption of this ordinance.

Regards,

A handwritten signature in black ink, appearing to read "Art Acevedo".

ART ACEVEDO
Chief of Police



Keeping you, your family and our community safe.

Secondhand Dealer Ordinance Draft

Purpose of the Ordinance

To enhance APD's ability to recover stolen goods.

Basic Regulatory Scheme

The ordinance requires secondhand dealers to:

1. Become licensed, so APD knows who they are
2. Report the purchase of regulated merchandise
 - a. This reporting must be done electronically
3. Hold regulated merchandise for a period of time before it is sold, so that APD can have a chance to investigate and recover merchandise reported as stolen.

Coverage

1. Businesses are covered by the ordinance if, for resale, they buy, trade, sell, or take on consignment regulated merchandise.
2. The ordinance *does not* cover:
 - a. garage sales
 - b. non-profit thrift shops that only resell donated goods
 - c. government entities
 - d. vendors at flea markets, unless the vendor engages in business for more than 14 days in a year
 - e. people who sell their own stuff to each other and aren't in the business or reselling used merchandise
 - f. a transaction (even by a covered business) that doesn't involve the resale of regulated merchandise
3. Not all used merchandise is covered. The ordinance tries to identify the kinds of merchandise that are typically stolen for resale. Most significantly the ordinance does not cover furniture, clothing, or books. Regulated merchandise is listed below.

Licensing

Secondhand dealers must:

1. Provide basic information to APD about the structure, ownership, and location of the business
2. Provide information for a criminal background check
3. Pay a small annual fee (to be set by council in the fee ordinance)

The Chief of police may deny or revoke a license because of

1. A violation
2. An applicant's criminal history of a felony offense involving theft, burglary, robbery, fraud, or tampering with or falsification of evidence or official records, if it has been less than 2 years since the sentence was discharged
3. A person whose license is revoked or discharged may appeal and have a hearing

Secondhand Dealer Ordinance Draft (cont.)

Reporting

The secondhand dealer is required to

1. Keep basic records of each transaction, such as what was purchased, from whom, the date and price
2. Enter the information in abs APD approved web-based tracking system
 - a. The report must be entered no later than the next day after the transaction

Hold Periods

1. The basic hold period is 10 days (that is, the merchandise can be sold on the 11th day).
 - a. The period is calculated from the day the merchandise is reported to "Leads on Line," which is an APD approved web-based tracking system at this time
 - b. During the hold period the merchandise must be kept in its original condition.
2. APD can order a particular item to be held for 60 days for an investigation.
3. If a dealer in crafted precious metal, basically jewelry, submits a photo of the item to Leads on Line," which is an APD approved web-based tracking system at this time, the hold period is reduced to 7 days (that is, the merchandise can be sold on the 8th day).
 - a. This is an incentive to take the photo; no one is required to take photographs.

Criminal Penalty

A violation is a Class C misdemeanor, with a fine not to exceed \$500.

Regulated Merchandise

1. items that originally bore a manufacturer's serial number
2. audio or video recordings
3. automobile and motorcycle accessories
4. business machines
5. crafted precious metal and jewelry
6. electronic devices
7. household appliances
8. musical instruments and accessories
9. optical and photographic equipment
10. power tools
11. sporting goods
12. weapons