

Please accept this as my written testimony regarding S.308 - "Bill as Introduced"

Under §3881. DEFINITIONS (6)(A) iii - \$1,000 in purchases per year as a threshold for licensing is way too low. There are literally hundreds of "vest pocket" dealers who buy door to door, at auctions, or at estate and yard sales and sell off to larger dealers or collectors. These people can be anybody from students, moms and dads, part timers and retired folks, and they could easily buy \$1,000 a day in precious metals. All it might take is one heavy necklace or bracelet or a can of silver coins to pass your limit. How do you plan to control these people? Do you really want to issue thousands of licenses? But, you can't really ignore them, because some of them do as much or more business than dealers with store fronts.

Under §3885. RECORDS OF A PRECIOUS METAL DEALER a. (1) *assign a distinct entry number of every item, lot, sub-lot for each unmatched item is insanely unworkable.* For example: A typical small "box lot" of "goodies" from a customer might include earrings, a necklaces, brooches, some stick pins, fraternal organization pins and emblems, awards, trophies, flatware, hollow ware, a large variety of US silver coins, a vast possible array of US or foreign gold coins, silver bars, silver rounds, etc..... some of which is valued more for collector use than junk metal. How do you define when a coin or ring is purchased as an "object" versus being junk metal? Will the law apply to ANYTHING made in part of precious metal? If so, the scope of the law becomes vastly too broad and opens a huge exclusion in your definitions that a sleazy dealer can use to avoid reporting "scrap" by declaring everything as "antique" or "collectible."

As an alternative, a standardized Bill of Sale with definitions would be more sensible.

The Seller completes the first portion showing:

- 1). Full name and date of birth.
- 2). Their current physical address.
- 3). Producing and documenting a valid government issued photo ID - if the ID does not match their current physical address they must submit their permanent legal residence.
- 4). A Statement as to the source of the material being sold. - Where, when and from whom the material was acquired.
- 5). A standard declaration of legal ownership with signature, date, etc.

The dealer, prior to payment, then completes the second section which includes:

- 1). A line item inventory of the material purchased
- 2). Photograph(s) of the line item(s) or lot(s) purchased

3). The signature of the buyer (or buyer's agent) acknowledging that, using their best judgement, and at their own risk, they accept as valid the sellers qualifications and statements of legal ownership.

Under §3888. METHOD OF PAYMENT - I doubt if The State of Vermont has legal authority to restrict the use of United States currency in the transaction of commerce. This provision alone could likely send this entire bill to the Supreme Court. As politicians this might be a battle you don't want to fight.... imagine if no campaign contributions could be made in cash... no matter how small. Do you think that would pass muster within these walls or within the courts?

#### OTHER GENERAL COMPLICATIONS WITH THE BILL AS WRITTEN

1). How do you handle auctioneers? They readily fit the description of dealers no matter how high you set the threshold. What will be their obligations or susceptibility to this legislation.

2). How do you handle dealer to dealer sales, where one dealer has satisfied the requirements and then passed the material on to another dealer. Does the next buyer have to repeat the same process? .... including a duplication of record keeping and resetting the 10 day holding period?

3). This legislation also ignores the obligations of property owners to maintain their own inventories so that they might better protect their belongings, deter crime and become legitimate witnesses to the identity of their lost items upon the prosecution of those accused of stealing their valuables.

4). Are we not going beyond the boundaries of fairness and privacy when subjecting a SINGLE CLASS of private financial transaction to police and public scrutiny. Is this fair when any police person will readily tell you that the illicit trade in computers, electronics, scrap metal, and a myriad of other materials are as grievous and substantial as any illicit trade in precious metals.

5). If enacted, will it be illegal for persons to sell items containing precious metals to other than licensed dealers? If not, the illicit trade goes entirely underground and the entire piece of legislation fails on inception.

#### CONCLUSIONS:

**The onus of proving ownership should be the major issue here. It is not the legitimate dealers who are stealing things, it's the sellers who are stealing things.** Yes, there are bad dealers who facilitate corrupt activity, however, the best course of action we can take is:

- 1). The facilitation of recognizing bad sellers and stolen property as provided in §3889. STOLEN PROPERTY NOTIFICATION SYSTEM.
- 2). Restricting sleazy dealers from opening operation through the provisions of licensing under §3882 CERTIFICATION REQUIRED.
- 3). Revising the onerous provisions of § 3885 RECORDS OF A PRECIOUS METALS DEALER to a realistic level.
- 4). Adopting a standardized “Bill of Sale” which contains statements and “qualifications of sellers” which are at least as strong as those qualifications of dealer licensing.
- 5). A NEW Public Education Element within the law which will help victims protect themselves, as well as to become a stronger element in apprehension and prosecution. At the moment, most people can’t properly describe their own goods when they lose them. We can’t force them to protect themselves, but we can certainly work at making them part of the program to control crime.

The bill as it stands - with all its good intentions - is a punishing, single focused, short sighted disaster, that can readily be fixed. For you to do so, as Legislators, you need to back up and see the forest through the trees. The only good solution is one that attacks the broader problem in full recognition of the victim, criminal, law enforcement officer, dealer and prosecutor, within a functional framework. For what it’s worth.... I don’t think you’re there yet.

Respectfully submitted,

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