

Chapter 12 BUSINESS REGULATIONS

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ARTICLE II. - PRECIOUS METALS DEALERS

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ARTICLE II. PRECIOUS METALS DEALERS ⁽¹⁾

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Sec. 12-20. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Coin means any piece of gold, silver or other metal fashioned into a prescribed shape, weight and degree of fineness, stamped by authority of a government with certain marks and devices, and having a certain fixed value as money.

Dealer.

- (1) The term "dealer" means any person, firm, partnership or corporation engaged in the business of:
 - a. Purchasing secondhand precious metals or gems;

- b. Removing, in any manner, precious metals or gems from manufactured articles not then owned by the person, firm, partnership or corporation; or
 - c. Buying, acquiring or selling precious metals or gems removed from manufactured articles.
- (2) The term "dealer" includes all employers and principals on whose behalf a purchase is made, and any employee or agent who makes any purchase for, or on behalf of, his employer or principal.
- (3) The term "dealer" shall not include persons engaged in the following:
- a. Purchases of precious metals or gems directly from other dealers, manufacturers or wholesalers for retail or wholesale inventories, provided that the selling dealer has complied with the provisions of this chapter.
 - b. Purchases of precious metals or gems from a qualified fiduciary who is disposing of the assets of an estate being administered by the fiduciary.
 - c. Acceptance by a retail merchant of trade-in merchandise previously sold by the retail merchant to the person presenting that merchandise for trade-in.
 - d. Repairing, restoring or designing jewelry by a retail merchant, if such activities are within his normal course of business.
 - e. Purchases of precious metals or gems by industrial refiners and manufacturers, insofar as such purchases are made directly from retail merchants, wholesalers, dealers or by mail originating outside the commonwealth.
 - f. Persons regularly engaged in the business of purchasing and processing nonprecious scrap metals which incidentally may contain traces of precious metals recoverable as a byproduct.

Gems means any item containing precious or semiprecious stones customarily used in jewelry.

Precious metals means any item, except coins, composed in whole or in part of gold, silver, platinum or platinum alloys.

(Code 1992, § 19-1)

State Law reference— Similar definitions, Code of Virginia, § 54.1-4100.

Sec. 12-21. Records to be kept; copy furnished to local authorities.

- (a) Every dealer shall keep at his place of business an accurate and legible record of each purchase of precious metals or gems. The record of each purchase shall be retained by the dealer for at least 24 months and shall set forth the following:
- (1) A complete description of all precious metals or gems purchased from each seller. The description shall include all names, initials, serial numbers or other identifying marks or monograms on each item purchased, the true weight or carat of any gem and the price paid for each item;
 - (2) The date, time and place of receiving the items purchased;
 - (3) The full name, residence address, workplace, home and work telephone numbers, date of birth, sex, race, height, weight, hair and eye color, and other identifying marks;
 - (4) Verification of the identification by the exhibition of a government-issued identification card, such as a driver's license or military identification card. The record shall contain the type of identification exhibited, the issuing agency and the number thereon; and
 - (5) A statement of ownership from the seller.

- (b) The information required by subsections (a)(1) through (3) of this section shall appear on each bill of sale for all precious metals and gems purchased by a dealer, and a copy shall be mailed or delivered within 24 hours of the time of purchase to the chief of police.

(Code 1972, § 9.1-4(a); Code 1992, § 19-2)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4101.

Sec. 12-22. Officers may examine records or property; warrantless search and seizure authorized.

Every dealer, or his employee, shall admit to his place of business during regular business hours the chief of police or his designee, or any law enforcement officer of the state or federal government. The dealer or his employee shall permit the officer to:

- (1) Examine all records required by this chapter and any article listed in a record which is believed by the officer to be missing or stolen; and
- (2) Search for, and take into possession, any article known to him to be missing, or known or believed by him to have been stolen.

(Code 1972, § 9.1-4(c); Code 1992, § 19-3)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4101.1.

Sec. 12-23. Credentials and statement of ownership required from seller.

- (a) No dealer shall purchase precious metals or gems without first:
 - (1) Ascertaining the identity of the seller by requiring an identification issued by a governmental agency with a photograph of the seller thereon, and at least one other corroborating means of identification; and
 - (2) Obtaining a statement of ownership from the seller.
- (b) The council may determine the contents of the statement of ownership.

(Code 1992, § 19-4)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4102.

Sec. 12-24. Prohibited purchases.

- (a) No dealer shall purchase precious metals or gems from any seller who is under the age of 18.
- (b) No dealer shall purchase precious metals or gems from any seller who the dealer believes or has reason to believe is not the owner of such items, unless the seller has written and duly authenticated authorization from the owner permitting and directing such sale.

(Code 1972, § 9.1-4(d); Code 1992, § 19-5)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4103.

Sec. 12-25. Dealer to retain purchases.

- (a) The dealer shall retain all precious metals or gems purchased for a minimum of ten calendar days from the date on which a copy of the bill of sale is received by the chief of police. Until the expiration of this period, the dealer shall not sell, alter or dispose of a purchased item in whole or in part, or remove it from the town.
- (b) If a dealer performs the service of removing precious metals or gems, he shall retain the metals or gems removed and the article from which the removal was made for a period of ten calendar days after receiving such article and precious metals or gems.

(Code 1992, § 19-6)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4104.

Sec. 12-26. Record of disposition.

Each dealer shall maintain for at least 24 months an accurate and legible record of the name and address of the person, firm or corporation to which he sells any precious metal or gem in its original form after the waiting period required by section 12-25. This record shall also show the name and address of the seller from whom the dealer purchased the item.

(Code 1992, § 19-7)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4105.

Sec. 12-27. Bond or letter of credit required of dealers when permit obtained.

- (a) Every dealer shall secure a permit, as required by section 12-29, and each dealer, at the time of obtaining such permit, shall enter into a recognizance to the town secured by a corporate surety authorized to do business in this commonwealth, in the penal sum of \$10,000.00, conditioned upon due observance of the terms of this chapter. In lieu of a bond, a dealer may cause to be issued by a bank authorized to do business in the commonwealth a letter of credit in favor of the town for \$10,000.00.
- (b) A single bond upon an employer or principal may be written or a single letter of credit issued to cover all employees and all transactions occurring at a single location.

(Code 1992, § 19-8)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4106.

Sec. 12-28. Private action on bond or letter of credit.

Any person aggrieved by the misconduct of any dealer which violated the provisions of this chapter may maintain an action for recovery in any court of proper jurisdiction against the dealer and his surety. Recovery against the surety shall be only for that amount of the judgment which is unsatisfied by the dealer.

(Code 1992, § 19-9)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4107.

Sec. 12-29. Permit required; method of obtaining permit; no convictions of certain crimes; approval of weighing devices; renewal; permanent location required.

- (a) No person shall engage in the activities of a dealer, as defined in section 12-20, without first obtaining a permit from the chief of police.
- (b) To obtain a permit, the dealer shall file with the chief of police an application form which includes the dealer's full name, any aliases, address, age, date of birth, sex and fingerprints; the name, address and telephone number of the applicant's employer, if any; and the location of the dealer's place of business. Upon filing this application and the payment of a \$200.00 application fee, the dealer shall be issued a permit by the chief law enforcement officer or his designee, provided that the applicant has not been convicted of a felony or crime of moral turpitude within seven years prior to the date of application. The permit shall be denied if the applicant has been denied a permit or has had a permit revoked under any ordinance similar in substance to the provisions of this chapter.
- (c) Before a permit may be issued, the dealer must have all weighing devices used in his business inspected and approved by local or state weights and measures officials and present written evidence of such approval to the chief of police.
- (d) This permit shall be valid for one year from the date issued and may be renewed in the same manner as such permit was initially obtained with an annual permit fee of \$200.00. No permit shall be transferable.
- (e) If the business of the dealer is not operated without interruption, with Saturdays, Sundays and recognized holidays excepted, the dealer shall notify the proper chief law enforcement officer of all closings and reopenings of such business. The business of a dealer shall be conducted only from the fixed and permanent location specified in his application for a permit.

(Code 1972, § 9.1-2; Code 1992, § 19-10)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4108.

Sec. 12-30. Exemptions from chapter.

- (a) The chief of police, or his designee, may waive, by written notice, implementation of any one or more of the provisions of this chapter, except section 12-24, for particular numismatic, gem or antique exhibitions or craft shows sponsored by nonprofit organizations, provided that the purpose of the exhibitions is nonprofit in nature, notwithstanding the fact that there may be casual purchases and trades made at such exhibitions.
- (b) Neither the provisions of this chapter nor any local ordinances dealing with the subject matter of this chapter shall apply to the sale or purchase of coins.
- (c) The provisions of this chapter shall not apply to any bank, branch thereof, trust company or bank holding company, or any wholly owned subsidiary thereof, engaged in buying and selling gold and silver bullion.

(Code 1992, § 19-11)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4109.

Sec. 12-31. Penalties; first and subsequent offenses.

- (a) Any person convicted of violating any of the provisions of this chapter shall be guilty of a Class 2 misdemeanor for the first offense. Upon conviction of any subsequent offense he shall be guilty of a Class 1 misdemeanor.
- (b) Upon the first conviction of a dealer for violation of any provision of this chapter, the chief of police may revoke the dealer's permit for one full year from the date the conviction becomes final. Such revocation shall be mandatory for two full years from the date the conviction becomes final upon a second conviction.

(Code 1972, § 9.1-5; Code 1992, § 19-12)

State Law reference— Similar provisions, Code of Virginia, § 54.1-4110.

FOOTNOTE(S):

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State Law reference— Precious metals dealers, Code of Virginia, § 54.1-4100 et seq.; local ordinances, Code of Virginia, § 54.1-4111. ([Back](#))