

GENERAL ASSEMBLY OF NORTH CAROLINA  
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HOUSE BILL 199  
Committee Substitute Favorable 3/31/11  
Senate Judiciary II Committee Substitute Adopted 6/7/12  
Fourth Edition Engrossed 6/12/12

Short Title: Metal Theft Prevention Act of 2012.

(Public)

Sponsors:

Referred to:

March 2, 2011

A BILL TO BE ENTITLED

AN ACT TO RECODIFY THE PROVISIONS OF THE GENERAL STATUTES THAT  
REGULATE PRECIOUS METALS BUSINESSES, PAWNBROKERS AND CASH  
CONVERTERS, AND SECONDARY METALS RECYCLERS, AND TO  
STRENGTHEN METALS THEFT PREVENTION BY REQUIRING PERMITTING OF  
NONFERROUS METALS PURCHASERS, MAKING IT A CRIME TO CUT,  
MUTILATE, DEFACE, OR OTHERWISE INJURE THE PROPERTY OF ANOTHER TO  
OBTAIN NONFERROUS METALS, CREATING RELATED CRIMINAL OFFENSES,  
AND MAKING OTHER RELATED CHANGES TO THE GENERAL STATUTES.

The General Assembly of North Carolina enacts:

**SECTION 1.** Chapter 66 of the General Statutes is amended by adding a new  
Article to read:

"Article 45.

"Pawnbrokers, Metal Dealers, and Scrap Dealers."

**SECTION 2.** Chapter 91A of the General Statutes is recodified as Part 1 of Article  
45 of Chapter 66 of the General Statutes, G.S. 66-385 through G.S. 66-399.

**SECTION 3.** The title of Part 1 of Article 45 of Chapter 66 of the General Statutes,  
as enacted by Section 2 of this act, reads as rewritten:

"Part 1. Pawnbrokers and Cash Converters Modernization Act. Converters."

**SECTION 4.** G.S. 91A-1, as recodified by Section 2 of this act, reads as rewritten:  
**"§ 66-385. Short title.**

This ~~Chapter~~ Part shall be known and may be cited as the Pawnbrokers and Cash  
Converters Modernization Act."

**SECTION 5.** G.S. 91A-2, as recodified by Section 2 of this act, reads as rewritten:  
**"§ 66-386. Purpose.**

The making of pawn loans and the acquisition and disposition of tangible personal property  
by and through pawnshops and cash converters vitally affects the general economy of this State  
and the public interest and welfare of its citizens. In recognition of these facts, it is the policy of  
this State and the purpose of the Pawnbrokers and Cash Converters Modernization Act to do all  
of the following:

- (1) Ensure a sound system of making loans and acquiring and disposing of  
tangible personal property by and through pawnshops, and to prevent  
unlawful property transactions, particularly in stolen property, through  
licensing and regulating pawnbrokers.



1           ~~(1a)~~(2) Ensure a sound system of acquiring and disposing of tangible personal  
2           property by and through cash converters and to prevent unlawful property  
3           transactions, particularly in stolen property, by requiring record keeping by  
4           cash converters.

5           ~~(2)~~(3) Provide for pawnbroker licensing fees and investigation fees of licensees.

6           ~~(3)~~(4) Ensure financial responsibility to the State and the general public.

7           ~~(4)~~(5) Ensure compliance with federal and State laws.

8           ~~(5)~~(6) Assist local governments in the exercise of their police authority."

9           **SECTION 6.** G.S. 91A-3, as recodified by Section 2 of this act, reads as rewritten:

10   **"§ 66-387. Definitions.**

11           The following definitions apply in this ~~Chapter~~Part:

12           ...

13           (2) Cash converter. – A person engaged in the business of purchasing goods  
14           from the public for cash at a permanently located retail store who holds  
15           himself or herself out to the public by signs, advertising, or other methods as  
16           engaging in that business. The term does not include any of the following:

17           a. Pawnbrokers.

18           b. Persons whose goods purchases are made directly from  
19           manufacturers or wholesalers for their inventories.

20           c. Precious metals dealers, to the extent that their transactions are  
21           regulated under ~~Article 25 of Chapter 66 of the General Statutes~~Part  
22           2 of this Article.

23           d. Purchases by persons primarily in the business of obtaining from the  
24           public, either by purchase or exchange, used clothing, children's  
25           furniture, and children's products, provided the amount paid for the  
26           individual item purchased is less than fifty dollars (\$50.00).

27           e. Purchases by persons primarily in the business of obtaining from the  
28           public, either by purchase or exchange, sporting goods and sporting  
29           equipment, provided the amount paid for the individual item  
30           purchased is less than fifty dollars (\$50.00).

31           ...."

32           **SECTION 7.** G.S. 91A-5, as recodified by Section 2 of this act, reads as rewritten:

33   **"§ 66-389. License required.**

34           It is unlawful for any person, firm, or corporation to establish or conduct a business of  
35           pawnbroker unless such person, firm, or corporation has procured a license to conduct business  
36           in compliance with the requirements of this ~~Chapter~~Part."

37           **SECTION 8.** G.S. 91A-6(c) and (d), as recodified by Section 2 of this act, read as  
38           rewritten:

39           "(c) Licenses shall be granted under this ~~Chapter~~Part by the city if the pawnshop is to be  
40           operated within the corporate limits of a city as defined by G.S. 160A-1, and by a county if it is  
41           to be operated outside the corporate limits of any city as defined by G.S. 160A-1.

42           (d) Any license granted under this ~~Chapter~~Part may be revoked by the county or city  
43           issuing it, after a hearing, for substantial abuses of this ~~Chapter~~Part by the licensee."

44           **SECTION 9.** G.S. 91A-7(e), as recodified by Section 2 of this act, reads as  
45           rewritten:

46           "(e) Except as otherwise provided in this ~~Chapter~~Part, any person presenting a pawn  
47           ticket to a pawnbroker is presumed to be entitled to redeem the pledged goods described on the  
48           ticket."

49           **SECTION 10.** G.S. 91A-10(a), as recodified by Section 2 of this act, reads as  
50           rewritten:

51   **"§ 66-395. Prohibitions.**

- 1 (a) A pawnbroker shall not:
- 2 (1) Accept a pledge from a person under the age of 18 years.
- 3 (2) Make any agreement requiring the personal liability of a pledgor in
- 4 connection with a pawn transaction.
- 5 (3) Accept any waiver, in writing or otherwise, of any right or protection
- 6 accorded a pledgor under this ~~Chapter, Part.~~
- 7 (4) Fail to exercise reasonable care to protect pledged goods from loss or
- 8 damage.
- 9 (5) Fail to return pledged goods to a pledgor upon payment of the full amount
- 10 due the pawnbroker on the pawn transaction. In the event such pledged
- 11 goods are lost or damaged while in the possession of the pawnbroker, it shall
- 12 be the responsibility of the pawnbroker to replace the lost or damaged goods
- 13 with merchandise of like kind and equivalent value. In the event the pledgor
- 14 and pawnbroker cannot agree as to replacement, the pawnbroker shall
- 15 reimburse the pledgor in the amount of the value agreed upon pursuant to
- 16 ~~G.S. 91A-7(b).~~ G.S. 66-391(b).
- 17 (6) Take any article in pawn, pledge, or as security from any person, which is
- 18 known to such pawnbroker to be stolen, unless there is a written agreement
- 19 with local or State law enforcement.
- 20 (7) Sell, exchange, barter, or remove from the pawnshop any goods pledged,
- 21 pawned, or purchased before the earlier of seven days after the date the pawn
- 22 ticket record is electronically reported in accordance with
- 23 ~~G.S. 91A-7(d)~~ G.S. 66-391(d) or 30 days after the transaction, except in case
- 24 of redemption by pledgor or items purchased for resale from wholesalers.
- 25 (8) Operate more than one pawnshop under one license, and such shop must be
- 26 at a permanent place of business.
- 27 (9) Take as pledged goods any manufactured mobile home, recreational vehicle,
- 28 or motor vehicle other than a motorcycle."

29 **SECTION 11.** G.S. 91A-11, as recodified by Section 2 of this act, reads as

30 rewritten:

31 "**§ 66-396. Penalties.**

32 (a) Every person, firm, or corporation, their guests or employees, who shall knowingly

33 violate any of the provisions of this ~~Chapter, Part,~~ shall, on conviction thereof, be deemed guilty

34 of a Class 2 misdemeanor. If the violation is by an owner or major stockholder or managing

35 partner of the pawnshop and the violation is knowingly committed by the owner, major

36 stockholder, or managing partner of the pawnshop, then the license of the pawnshop may be

37 suspended at the discretion of the court.

38 (b) The provision of subsection (a) of this section shall not apply to violations of

39 ~~G.S. 91A-10(a)(6)~~ G.S. 66-395(a)(6) or G.S. 66-395(b) which shall be prosecuted under the

40 North Carolina criminal statutes.

41 (c) Any contract of pawn the making or collecting of which violates any provision of

42 this ~~Chapter, Part,~~ except as a result of accidental or bona fide error of computation, shall be

43 void, and the licensee shall have no right to collect, receive or retain any interest or fee

44 whatsoever with respect to such pawn."

45 **SECTION 12.** G.S. 91A-12, as recodified by Section 2 of this act, reads as

46 rewritten:

47 "**§ 66-397. Municipal or county authority.**

48 All of the counties and cities as defined by G.S. 160A-1 may by ordinance adopt the

49 provisions of this ~~Chapter-Part~~ and may adopt such further rules and regulations as the

50 governing bodies of the counties and cities deem appropriate; provided, however, no county or

51 city may regulate:

- 1 (1) Interest, fees, or recovery charges;
- 2 (2) Hours of operation, unless such regulation applies to businesses generally;
- 3 (3) The nature of the business or type of pawn transaction; or
- 4 (4) License fees in excess of rates set by the State."

5 **SECTION 13.** G.S. 91A-13, as recodified by Section 2 of this act, reads as  
6 rewritten:

7 **"§ 66-398. License renewal.**

8 Notwithstanding any provision of this ~~Chapter-Part~~ to the contrary, any person, firm, or  
9 corporation licensed as a pawnbroker on or before October 1, 1989, shall continue in force until  
10 the natural expiration thereof and all other provisions of this ~~Chapter-Part~~ shall apply to such  
11 license. Such pawnbroker shall be eligible for renewal of his license upon its expiration or  
12 subsequent renewals, provided such license complies with the requirements for renewal that  
13 were in effect immediately prior to October 1, 1989."

14 **SECTION 14.** G.S. 91A-14, as recodified by Section 2 of this act, reads as  
15 rewritten:

16 **"§ 66-399. Bond.**

17 Every person, firm, or corporation licensed under this ~~Chapter-Part~~ shall, at the time of  
18 receiving the license, file with the city or county issuing the license a bond payable to such city  
19 or county in the sum of five thousand dollars (\$5,000), to be executed by the licensee, and by  
20 two responsible sureties or a surety company licensed to do such business in this State, to be  
21 approved by the city or county, which shall be for the faithful performance of the requirements  
22 and obligations pertaining to the business so licensed. The city or county may sue for forfeiture  
23 of the bond upon a breach thereof. Any person who obtains a judgment against a pawnbroker  
24 and upon which judgment execution is returned unsatisfied may maintain an action in his own  
25 name upon the bond, to satisfy the judgment."

26 **SECTION 15.** Article 25 of Chapter 66 of the General Statutes is recodified as Part  
27 2 of Article 45 of Chapter 66 of the General Statutes, G.S. 66-405 through G.S. 66-414.

28 **SECTION 16.** The title of Part 2 of Article 45 of Chapter 66 of the General  
29 Statutes, as enacted by Section 15 of this act, reads as rewritten:

30 "Part 2. ~~Regulation of~~ Precious Metal Businesses."

31 **SECTION 17.** G.S. 66-164, as recodified by Section 15 of this act, reads as  
32 rewritten:

33 **"§ 66-406. Definitions.**

34 The following definitions apply in this ~~Article-Part~~:

- 35 (1) Dealer. – A person who purchases precious metals from the public, other  
36 than by an exempted transaction, in the form of jewelry, flatware, silver  
37 services, or other forms and holds himself or herself out to the public by  
38 signs, advertising, or other methods as engaging in such purchases, including  
39 any independent contractor purchasing precious metals under any  
40 arrangement in any department store. An exempted transaction is one that is  
41 (i) not considered in determining whether a person is a dealer under this  
42 ~~Article-Part~~ and (ii) not subject to the requirements of this ~~Article-Part~~, even  
43 if it is entered into by a person otherwise defined and regulated as a dealer.  
44 Exempted transactions are:
  - 45 a. Purchases directly from manufacturers or wholesalers of precious  
46 metals by permanently located retail merchants for their inventories.
  - 47 b. Pawns, pledges, or purchases of items made of precious metals, if the  
48 transaction is entered into by a licensed pawnbroker and the  
49 transaction is regulated under the provisions of ~~Chapter 91A of the~~  
50 ~~General Statutes-Part 1 of this Article.~~

- 1 c. The acquisition of precious metals by a permanently located retail  
2 merchant through barter or exchange for other items sold in the  
3 ordinary course of the merchant's business, provided that the seller  
4 does not receive, as part of the transaction, any sum of money or any  
5 gift card or stored-value card, unless the card is redeemable only at  
6 that merchant's business.

7 ...."

8 **SECTION 18.** G.S. 66-165, as recodified by Section 15 of this act, reads as  
9 rewritten:

10 "**§ 66-407. Permits.**

11 ...

12 (b) Employee Requirements. – Every employee engaged in the precious metals  
13 purchasing business shall, within two business days of being so engaged, register his or her  
14 name and address with the local law enforcement agency and have his or her photograph taken  
15 by the agency. The employee also shall consent to a criminal history record check, which shall  
16 be performed by the local law enforcement agency. A person who refuses to consent to a  
17 criminal history record check shall not be employed by a dealer required to be licensed under  
18 this section. A person who has been convicted of a felony involving a crime of moral turpitude,  
19 larceny, receiving stolen goods, or of similar charges shall not be employed by a dealer  
20 required to be licensed under this section, unless the person has had his or her rights of  
21 citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer  
22 immediately preceding the date of registration. The agency shall issue to the employee a  
23 certificate of compliance with this section upon the applicant's payment of the sum of ten  
24 dollars (\$10.00) to the agency. The certificate shall be renewed annually for a three-dollar  
25 (\$3.00) fee and shall be posted in the work area of the registered employee. An employee is not  
26 subject to the requirements of this subsection if the employee is engaged in the precious metals  
27 purchasing business only incidentally to his or her main job responsibilities, and each precious  
28 metals transaction with which the employee is involved is overseen by a licensed dealer or  
29 registered employee. All records of transactions must be signed by the licensed dealer or  
30 registered employee at the time of the transaction, as required under  
31 ~~G.S. 66-169(a)~~-G.S. 66-410(a).

32 The Department of Justice may provide a criminal history record check to the local law  
33 enforcement agency for an employee engaged in the precious metals business. The agency shall  
34 provide to the Department of Justice, along with the request, the fingerprints of the employee,  
35 any additional information required by the Department of Justice, and a form signed by the  
36 employee consenting to the check of the criminal record and to the use of the fingerprints and  
37 other identifying information required by the State or national repositories. The employee's  
38 fingerprints shall be forwarded to the State Bureau of Investigation for a search of the State's  
39 criminal history record file, and the State Bureau of Investigation shall forward a set of the  
40 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.  
41 The agency shall keep all information pursuant to this subsection privileged, in accordance with  
42 applicable State law and federal guidelines, and the information shall be confidential and shall  
43 not be a public record under Chapter 132 of the General Statutes.

44 The Department of Justice may charge each employee a fee for conducting the checks of  
45 criminal history records authorized by this subsection.

46 (c) Special Occasion Permit. – A special occasion permit authorizes the permittee to  
47 purchase precious metals as a dealer participating in any trade shows, antique shows, and crafts  
48 shows conducted within the State. A special occasion permit shall be issued by any local law  
49 enforcement agency; provided, however, that a permittee under subsection (a) of this section  
50 shall apply for a special occasion permit with the local law enforcement agency that issued the  
51 dealer's permit. The Department of Public Safety shall approve the forms for both the

1 application and the permit. The application shall be given under oath and notarized. A 30-day  
2 waiting period from the date of filing of the application is required prior to initial issuance of a  
3 permit.

4 Any dealer applying to a local law enforcement agency for a special occasion permit shall  
5 furnish the local law enforcement agency with the information required in an application for a  
6 dealer's permit as set forth in subsection (a) of this section. In addition, the applicant shall  
7 provide a physical address where any item included in a dealer purchase will be held for the  
8 period required under ~~G.S. 66-170~~.G.S. 66-411. The physical address shall be the location  
9 where the purchase was made, unless another physical address within the law enforcement  
10 jurisdiction where the purchase was made is approved by the law enforcement agency that  
11 issues the permit. The items shall be available at all reasonable times for inspection on the  
12 premises by law enforcement agencies.

13 If the applicant for a special occasion permit is a partnership or association, all persons  
14 owning a ten percent (10%) or more interest in the partnership or association shall comply with  
15 the provisions of this subsection. Any such permits shall be issued in the name of the  
16 partnership or association.

17 If the applicant for a special occasion permit is a corporation, each officer, director and  
18 stockholder owning ten percent (10%) or more of the corporation's stock, of any class, shall  
19 comply with the provisions of this subsection. Any such permits shall be issued in the name of  
20 the corporation.

21 No permit shall be issued to an applicant who has been convicted of a felony involving a  
22 crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any  
23 federal court or a court of this or any other state, unless the applicant has had his or her rights  
24 of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer  
25 immediately preceding the date of application. In the case of a partnership, association, or  
26 corporation, no permit shall be issued to any applicant with an officer, partner, or director who  
27 has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving  
28 stolen goods or of similar charges in any federal court or a court of this or any other state,  
29 unless that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the  
30 General Statutes for five years or longer immediately preceding the date of application.

31 The Department of Justice may provide a criminal history record check to the local law  
32 enforcement agency for a person who has applied for a permit through the agency. The agency  
33 shall provide to the Department of Justice, along with the request, the fingerprints of the  
34 applicant, any additional information required by the Department of Justice, and a form signed  
35 by the applicant consenting to the check of the criminal record and to the use of the fingerprints  
36 and other identifying information required by the State or national repositories. The applicant's  
37 fingerprints shall be forwarded to the State Bureau of Investigation for a search of the State's  
38 criminal history record file, and the State Bureau of Investigation shall forward a set of the  
39 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.  
40 The agency shall keep all information pursuant to this subsection privileged, in accordance with  
41 applicable State law and federal guidelines, and the information shall be confidential and shall  
42 not be a public record under Chapter 132 of the General Statutes.

43 The Department of Justice may charge each applicant a fee for conducting the checks of  
44 criminal history records authorized by this subsection.

45 The filing fee for a special occasion permit application is one hundred eighty dollars  
46 (\$180.00) to provide for the administrative cost of the local law enforcement agency including  
47 purchase of required forms and the cost of conducting the criminal history record check of the  
48 applicant. The fee is not refundable even if the permit is denied or is later suspended or  
49 revoked. A special occasion permit is in addition to and not in lieu of other business licenses  
50 and is not transferable. No person other than the dealer named on the permit and that dealer's

1 employees may engage in the business of purchasing precious metals under the authority of the  
2 permit.

3 A special occasion permit is valid for 12 months from the date issued, unless earlier  
4 surrendered, suspended, or revoked. Application for renewal of a permit for an additional 12  
5 months shall be on a form approved by the Department of Public Safety and shall be  
6 accompanied by a nonrefundable renewal fee of one hundred eighty dollars (\$180.00).

7 Each special occasion permit shall be posted in a prominent place on the premises of any  
8 show at which the permittee purchases precious metals."

9 **SECTION 19.** G.S. 66-167, as recodified by Section 15 of this act, reads as  
10 rewritten:

11 "**§ 66-408. Perjury; punishment.**

12 Any person who shall willfully commit perjury in any application for a permit or exemption  
13 filed pursuant to this ~~Article-Part~~ shall be guilty of a Class 2 misdemeanor."

14 **SECTION 20.** G.S. 66-168, as recodified by Section 15 of this act, reads as  
15 rewritten:

16 "**§ 66-409. Bond or trust account required.**

17 Before any permit shall be issued to a dealer pursuant to ~~G.S. 66-165~~, G.S. 66-407, the  
18 dealer shall execute a satisfactory cash or surety bond or establish a trust account with a  
19 licensed and insured bank or savings institution located in the State of North Carolina in the  
20 sum of ten thousand dollars (\$10,000). The bond or trust account shall be in favor of the State  
21 of North Carolina. A surety bond is to be executed by the dealer and by two responsible  
22 sureties or a surety company licensed to do business in the State of North Carolina and shall be  
23 on a form approved by the Department of Public Safety. Any bond shall be kept in full force  
24 and effect and shall be delivered to the law-enforcement agency which first issued a current  
25 permit to the dealer. A bond or trust account shall be for the faithful performance of the  
26 requirements and obligations of the dealer's business in conformity with this ~~Article-Part~~. Any  
27 law-enforcement agency shall have full power and authority to revoke the permit and sue for  
28 forfeiture of the bond or trust account upon a breach thereof. Any person who shall have  
29 suffered any loss or damage by any act of the permittee that constitutes a violation of this  
30 ~~Article-Part~~ shall have the right to institute an action to recover against such permittee and the  
31 surety or trust account. Upon termination of the bond or trust account the permit shall become  
32 void."

33 **SECTION 21.** G.S. 66-169(a), as recodified by Section 15 of this act, reads as  
34 rewritten:

35 "**§ 66-410. Records to be kept.**

36 (a) Every dealer to whom a permit has been issued pursuant to ~~G.S. 66-165~~ G.S. 66-407  
37 shall maintain consecutively numbered records of each precious metals transaction. Each  
38 consecutively numbered record shall be made at the time of the transaction and shall contain a  
39 clear and accurate description of the transaction. A valid description shall include each of the  
40 following applicable and available items of information: the manufacturer's name, the model,  
41 the model number, the serial number, and any engraved numbers or initials found on the items;  
42 the date of the transaction; the name, sex, race, residence, telephone number and driver's license  
43 number of the person selling the items purchased; and the signature of both the dealer or  
44 registered employee and the seller. In the event the seller cannot furnish valid, unexpired  
45 photographic identification in the form of a drivers license, State-issued identification card,  
46 passport, or military identification card, the dealer shall require two forms of positive  
47 identification."

48 **SECTION 22.** G.S. 66-170, as recodified by Section 15 of this act, reads as  
49 rewritten:

50 "**§ 66-411. Items not to be modified.**

1 No item included in a dealer purchase shall be sold, traded or otherwise disposed of,  
2 melted, cut or otherwise changed in form nor shall any item be removed from the licensed  
3 premises, or other location specified on the application for a special occasion permit, for a  
4 period of seven days from the date the transaction was reported in accordance with  
5 ~~G.S. 66-169~~G.S. 66-410."

6 **SECTION 23.** G.S. 66-172, as recodified by Section 15 of this act, reads as  
7 rewritten:

8 **"§ 66-413. Penalties.**

9 Any dealer who violates the provisions of this ~~Article-Part~~ shall be deemed guilty of a Class  
10 2 misdemeanor. In addition any dealer so convicted shall be ineligible for a dealer's permit for a  
11 period of three years from the date of conviction. Each and every violation shall constitute a  
12 separate and distinct offense."

13 **SECTION 24.** G.S. 25-9-201(b) reads as rewritten:

14 "(b) Applicable consumer laws and other law. – A transaction subject to this Article is  
15 subject to any applicable rule of law which establishes a different rule for consumers, to any  
16 other statute, rule, or regulation of this State that regulates the rates, charges, agreements, and  
17 practices for loans, credit sales, or other extensions of credit, and to any consumer-protection  
18 statute, rule, or regulation of this State, including Chapter 24 of the General Statutes, the Retail  
19 Installment Sales Act (Chapter 25A of the General Statutes), the North Carolina Consumer  
20 Finance Act (Article 15 of Chapter 53 of the General Statutes), and the Pawnbrokers and Cash  
21 Converters Modernization Act (~~Chapter 91A~~Part 1 of Article 45 of Chapter 66 of the General  
22 Statutes)."

23 **SECTION 25.** G.S. 105-88(a)(3) reads as rewritten:

24 **"§ 105-88. Loan agencies.**

25 (a) Every person, firm, or corporation engaged in any of the following businesses must  
26 pay for the privilege of engaging in that business an annual tax of two hundred fifty dollars  
27 (\$250.00) for each location at which the business is conducted:

- 28 (1) The business of making loans or lending money, accepting liens on, or  
29 contracts of assignments of, salaries or wages, or any part thereof, or other  
30 security or evidence of debt for repayment of such loans in installment  
31 payment or otherwise.
- 32 (2) The business of check cashing regulated under Article 22 of Chapter 53 of  
33 the General Statutes.
- 34 (3) The business of pawnbroker regulated under ~~Chapter 91A~~Part 1 of Article  
35 45 of Chapter 66 of the General Statutes."

36 **SECTION 26.** G.S. 66-11 and G.S. 66-11.1 are repealed.

37 **SECTION 27.** G.S. 66-11.2 is recodified as G.S. 66-426 under Part 3 of Article 45  
38 of Chapter 66 of the General Statutes, as enacted by Section 28 of this act.

39 **SECTION 28.** Chapter 66 of the General Statutes is amended by adding a new Part  
40 to read:

41 "Part 3. Regulation of Sales and Purchases of Metals.

42 **"§ 66-415. Definitions.**

43 The following definitions apply in this Part:

- 44 (1) Cash card system. – A system of payment that captures a photograph of a  
45 payment recipient and that provides payment in cash or in a form other than  
46 cash.
- 47 (2) Fixed site. – A site occupied by a secondary metals recycler as the owner of  
48 the site or as a lessee of the site under a lease or other rental agreement  
49 providing for occupation of the site by a nonferrous metals purchaser for a  
50 total duration of not less than 364 days.



- 1           (3)    Law enforcement officer. – Any duly constituted law enforcement officer of  
2           the State or of any municipality or county.
- 3           (4)    Nonferrous metals. – Metals not containing significant quantities of iron or  
4           steel, including, but not limited to, copper wire, copper clad steel wire,  
5           copper pipe, copper bars, copper sheeting, aluminum other than aluminum  
6           cans, a product that is a mixture of aluminum and copper, catalytic  
7           converters, lead-acid batteries, and stainless steel beer kegs or containers.  
8           The term shall not include precious metals as defined and regulated in Part 2  
9           of this Article.
- 10          (5)    Nonferrous metals purchaser. – A secondary metals recycler who purchases,  
11          gathers, or obtains nonferrous metals.
- 12          (6)    Permit. – A permit issued pursuant to G.S. 66-421(a).
- 13          (7)    Regulated metals property. – All ferrous and nonferrous metals.
- 14          (8)    Secondary metals recycler. – Any person, firm, or corporation in the State:  
15          a.     That is engaged in the business of gathering or obtaining ferrous or  
16          nonferrous metals that have served their original economic purpose  
17          or is in the business of performing the manufacturing process by  
18          which ferrous metals or nonferrous metals are converted into raw  
19          material products consisting of prepared grades and having an  
20          existing or potential economic value; or  
21          b.     That has facilities for performing the manufacturing process by  
22          which ferrous metals or nonferrous metals are converted into raw  
23          material products consisting of prepared grades and having an  
24          existing or potential economic value, by methods including, but not  
25          limited to, the processing, sorting, cutting, classifying, cleaning,  
26          baling, wrapping, shredding, shearing, or changing the physical form  
27          or chemical content of the metals, but not including the exclusive use  
28          of hand tools.

29    **"§ 66-416. Required records and receipts for regulated metals transactions.**

30          (a)    Receipt Required. – A secondary metals recycler shall issue a receipt for all  
31          purchase transactions in which the secondary metals recycler purchases regulated metals  
32          property. This receipt shall be issued to and signed by the person delivering the property, and  
33          the secondary metals recycler shall be able to provide documentation regarding the employee  
34          who completed the transaction.

35          (b)    Records Required. – A secondary metals recycler shall maintain a record of all  
36          purchase transactions in which the secondary metals recycler purchases regulated metals  
37          property. The record of each transaction shall contain the following information:

- 38               (1)    The name and address of the secondary metals recycler.
- 39               (2)    The name, initials, or other identification of the individual entering the  
40               information.
- 41               (3)    The date of the transaction.
- 42               (4)    The weight of the regulated metals property purchased.
- 43               (5)    The description made in accordance with the custom of the trade of the type  
44               of regulated metals property purchased and the physical address where the  
45               regulated metals were obtained by the seller and the date when purchased,  
46               and a statement signed by the seller or the seller's agent certifying that the  
47               seller or the seller's agent has the lawful right to sell and dispose of the  
48               property.
- 49               (6)    The amount of consideration given for the regulated metals property.

- 1           (7)    The name and address of the vendor of the regulated metals property and the  
2           license plate number, make, model, and color of the vehicle used to deliver  
3           the regulated metals.
- 4           (8)    A photocopy or electronic scan of the unexpired drivers license or state or  
5           federally issued photo identification card of the person delivering the  
6           regulated metals property to the secondary metals recycler. If the secondary  
7           metals recycler has a copy of the valid photo identification of the person  
8           delivering the regulated metals property on file, the secondary metals  
9           recycler must examine the photo identification and verify that it has not  
10          expired, but may reference the photo identification that is on file without  
11          making a separate photocopy or electronic scan for each subsequent  
12          transaction. If the person delivering the regulated metals property does not  
13          have an unexpired drivers license or an unexpired state or federally issued  
14          photo identification card, the secondary metals recycler shall not complete  
15          the transaction.
- 16          (9)    A copy of the receipt required under subsection (a) of this section when all  
17          the information required under subsection (a) of this section is clear and  
18          legible or, in the event the copy of the receipt is not clear or not legible, the  
19          original receipt.
- 20          (10)   A video or digital photograph of the seller together with the regulated metals  
21          property being delivered by the seller. The video or photograph required by  
22          this section shall be of a quality that is sufficient to allow a person of  
23          ordinary faculties to identify the person recorded or photographed.
- 24          (11)   In transactions involving catalytic converters that are not attached to a  
25          vehicle, and central air conditioner evaporator coils or condensers, the  
26          person delivering the materials shall place next to that person's signature on  
27          the receipt required under subsection (a) of this section, a clear impression of  
28          that person's index finger that is in ink and free of any smearing. A  
29          secondary metals recycler may elect to obtain the fingerprint electronically.  
30          If the secondary metals recycler has a copy of the fingerprint of the person  
31          delivering the nonferrous metal on file, the secondary metals recycler must  
32          examine the photo identification, but may reference the fingerprint that is on  
33          file without making a separate fingerprint for each subsequent transaction.

34    **"§ 66-417. Inspection of regulated metals property and records.**

35          (a)    Retention of Records. – A secondary metals recycler shall keep and maintain the  
36          information required under G.S. 66-416(b) for not less than two years from the date of the  
37          purchase of the regulated metals property. Records shall be securely maintained at all times and  
38          shall be destroyed in a manner that protects the identity of the owner of the property, the seller  
39          of the property, and the purchaser of the property.

40          (b)    Inspection of Regulated Metals Property and Records. – During the usual and  
41          customary business hours of a secondary metals recycler, a law enforcement officer shall have  
42          the right to inspect all of the following:

- 43               (1)    Any and all purchased regulated metals property in the possession of the  
44               secondary metals recycler.
- 45               (2)    Any and all records required to be maintained under G.S. 66-416(b).

46          (c)    Making Receipts Available for Inspection by Law Enforcement. – A secondary  
47          metals recycler shall make receipts for the purchase of regulated metals property available for  
48          pickup each regular workday if requested by the sheriff or chief of police of the county or the  
49          chief of police of the municipality in which the secondary metals recycler is located. The  
50          sheriff or the chief of police may request these receipts to be electronically transferred directly  
51          to the law enforcement agency. Records retained by a law enforcement agency shall be securely

1 retained as required by law and destroyed in a manner that protects the identity of the owner of  
2 the property, the seller of the property, and the purchaser of the property.

3 (d) Records Are Not Public. – Records submitted to any public law enforcement agency  
4 pursuant to this section are records of criminal investigations or records of criminal intelligence  
5 information as defined in G.S. 132-1.4 and are not public records as defined by G.S. 132-1.

6 **"§ 66-418. Hold notices for nonferrous metals; retention of nonferrous metals.**

7 (a) Hold Notices. – When a law enforcement officer has reasonable suspicion to believe  
8 that any item of nonferrous metal in the possession of a nonferrous metals purchaser has been  
9 stolen, the law enforcement officer may issue a hold notice to the nonferrous metals purchaser.  
10 The hold notice must be in writing, be delivered to the nonferrous metals purchaser,  
11 specifically identify those items of nonferrous metal that are believed to have been stolen and  
12 that are subject to the notice, and inform the nonferrous metals purchaser of the information  
13 contained in this section. Upon receipt of the notice, the nonferrous metals purchaser must not  
14 process or remove the items of nonferrous metal identified in the notice, or any portion thereof,  
15 from the secondary metal recycler's fixed site for 15 calendar days after receipt of the notice  
16 unless released prior to the 15-day period by the law enforcement officer. A hold notice may be  
17 renewed for an additional 30 days by the law enforcement officer. A renewal must satisfy the  
18 same requirements as an initial hold notice in order to be valid.

19 (b) Retention of Nonferrous Metals. – Any secondary metals recycler owner convicted  
20 of a felonious violation of this Article, G.S. 14-71, 14-71.1, or 14-72 shall hold and retain  
21 nonferrous metals for seven days from the date of purchase before selling, dismantling,  
22 crushing, defacing, or in any manner altering or disposing of the regulated metals property.

23 **"§ 66-419. Prohibited activities and transactions.**

24 (a) A secondary metals recycler shall not do any of the following:

- 25 (1) Operate any business that cashes checks at a fixed site at which the  
26 secondary metals recycler purchases regulated metals property.
- 27 (2) Purchase nonferrous metals for the purpose of recycling the nonferrous  
28 metals, unless the nonferrous metals purchaser possesses a valid permit.
- 29 (3) Purchase any central air conditioner evaporator coils or condensers, or  
30 catalytic converters that are not attached to a vehicle, except that a secondary  
31 metals recycler may purchase these items from a company, contractor, or  
32 individual that is in the business of installing, replacing, maintaining, or  
33 removing these items.
- 34 (4) Purchase any regulated metals property that the secondary metals recycler  
35 knows or reasonably should know to be stolen.

36 (b) It shall be unlawful to transport or possess on highways of this State an amount of  
37 copper weighing in the aggregate more than 25 pounds, unless at least one of the following is  
38 true:

- 39 (1) The vehicle is used in the ordinary course of business for the purpose of  
40 transporting nonferrous metals. This term includes vehicles used by gas,  
41 electric, communications, water, plumbing, electrical, and climate  
42 conditioning service providers, and their employees, agents, and contractors,  
43 in the course of providing these services.
- 44 (2) The person transporting or possessing the copper possesses, and presents  
45 when requested, a valid bill of sale for the copper.
- 46 (3) A law enforcement officer determines that the copper is not stolen and is in  
47 the rightful possession of the person.

48 (c) A secondary metals recycler shall not purchase any of the following:

- 49 (1) Any regulated metal marked with the initials or other identification of a  
50 telephone, cable, electric, water, or other public utility, or any brewer.
- 51 (2) Any utility access cover.

- 1           (3)    Any street light pole or fixture.
- 2           (4)    Any road or bridge guard rail.
- 3           (5)    Any highway or street sign.
- 4           (6)    Any water meter cover.
- 5           (7)    Any metal beer keg, including any made of stainless steel that is clearly  
6           marked as being the property of the beer manufacturer.
- 7           (8)    Any traffic directional or control sign.
- 8           (9)    Any traffic light signal.
- 9           (10)   Any regulated metal marked with the name of a government entity.
- 10          (11)   Any spikes, plates, or other railroad track components or signs, and any  
11          property owned by a railroad and marked and otherwise identified as such.
- 12          (12)   Any historical marker or any grave marker or burial vase.

13    **"§ 66-420. Permissible payment methods for nonferrous metals purchasers.**

14          (a)    Limitation on Cash Purchases. – No nonferrous metals purchaser shall enter into a  
15          cash transaction for the purchase of copper, and no nonferrous metals purchaser shall purchase  
16          any nonferrous metal property for any cash consideration greater than one hundred dollars  
17          (\$100.00) per transaction. Any payment in excess of one hundred dollars (\$100.00) per  
18          transaction shall be made by check, money order or cash card system. A nonferrous metals  
19          purchaser shall not make more than one cash purchase per day from any individual, business,  
20          corporation or partnership.

21    **"§ 66-421. Issuance of nonferrous metals purchase permits by Sheriff; form; fees;**  
22          **recordkeeping.**

23          (a)    Issuance of Permits. – The sheriff of each county shall issue a nonferrous metals  
24          purchase permit to an applicant if the applicant (i) has a fixed site in the sheriff's county; (ii)  
25          declares on a form provided by the sheriff that the applicant is informed of and will comply  
26          with the provisions of this Part; (iii) does not have a permit that has been revoked pursuant to  
27          G.S. 66-324(b) at the time of the application; and (iv) has not been convicted of more than  
28          three violations of this Part. A permit shall be valid for 12 months and shall be valid only for  
29          fixed sites in the county of issuance. A permit shall be obtained for each fixed site at which  
30          nonferrous metals are purchased.

31          (b)    Form. – The Attorney General shall prescribe a standard application form and a  
32          standard permit form to be used by sheriffs. The permit form shall contain, at a minimum, the  
33          date of issuance and the name and address of the permit holder.

34          (c)    Fees; Record-Keeping Requirements. – The sheriff shall not charge a fee for a  
35          permit, and shall retain a copy of any permit issued.

36    **"§ 66-422. Exemptions.**

37          This Part does not apply to:

- 38           (1)    Purchases of regulated metals property from a manufacturing, industrial,  
39           government, or other commercial vendor that generates or sells regulated  
40           metals property in the ordinary course of its business.
- 41           (2)    Purchases of regulated metals property that involve only beverage  
42           containers, except that G.S. 66-418 shall apply in that case.

43    **"§ 66-423. Preemption.**

44          A county or municipality shall not enact any local law, ordinance, or regulation regulating  
45          secondary metals recyclers or regulated metals property that conflicts with this Part, and this  
46          Part preempts all existing laws, ordinances, or regulations that conflict with it.

47    **"§ 66-424. Violations.**

48          (a)    Punishment Generally. – Unless the conduct is covered by some other provision of  
49          law providing greater punishment, any person knowingly and willfully violating any of the  
50          provisions of this Part shall be guilty of a Class 1 misdemeanor for a first offense. A second or  
51          subsequent violation of this Part is a Class I felony.

1       (b) Revocation of Permits. – If the owner or the employees of a fixed site are convicted  
2 of an aggregate of three or more violations of this Part within a 10 year period, the permit  
3 associated with that fixed site shall be immediately revoked by the sheriff for a period of six  
4 months. Any attempt to circumvent this subsection by procuring a permit through a family  
5 member shall result in extension of the revocation period for an additional 18 months.

6 **"§ 66-425. Restitution.**

7       The court may order a defendant to make restitution to the secondary metals recycler or  
8 property owner, as appropriate, for any damage or loss caused by the defendant and arising out  
9 of a violation of G.S. 14-71, G.S. 14-71.1, G.S. 14-72, G.S.14-159.4, G.S. 66-419(a) (3), or  
10 G.S. 66-419(a)(4) committed by the defendant."

11       **SECTION 29.** G.S. 66-11.2(a), as recodified by Section 27 of this act, reads as  
12 rewritten:

13 **"§ 66-426. Forfeiture of vehicles used to transport unlawfully obtained regulated metals**  
14 **property.**

15       (a) Vehicles which are used or intended for use to convey or transport, or in any manner  
16 to facilitate the conveyance or transportation of unlawfully obtained regulated metals property,  
17 as defined by this ~~Article, Part,~~ are subject to forfeiture, except that:

- 18       (1) No conveyance shall be forfeited under the provisions of this section by  
19 reason of any act or omission, committed or omitted while such conveyance  
20 was unlawfully in the possession of a person other than the owner in  
21 violation of the criminal laws of the United States, or of any state;
- 22       (2) No conveyance shall be forfeited unless the violation involved is a felony;
- 23       (3) A forfeiture of a vehicle encumbered by a bona fide security interest is  
24 subject to the interest of the secured party who had no knowledge of or  
25 consented to the act or omission;
- 26       (4) No conveyance shall be forfeited under the provisions of this section unless  
27 the owner knew or had reason to believe the vehicle was being used in the  
28 commission of any violation that may subject the conveyance to forfeiture  
29 under this section."

30       **SECTION 30.** G.S. 20-62.1(a) reads as rewritten:

31 **"§ 20-62.1. Purchase of vehicles for purposes of scrap or parts only.**

32       (a) Records for Scrap or Parts. – A secondary metals recycler, as defined in  
33 ~~G.S. 66-11(a)(3), G.S. 66-415(8),~~ and a salvage yard, as defined in G.S. 20-137.7(6), purchasing  
34 motor vehicles solely for the purposes of dismantling or wrecking such motor vehicles for the  
35 recovery of scrap metal or for the sale of parts only, must comply with the provision of  
36 G.S. 20-61, provided, however, that a secondary metals recycler or salvage yard may purchase  
37 a motor vehicle without a certificate of title, if the motor vehicle is 10 model years old or older  
38 and the secondary metals recycler or salvage yard comply with the following requirements:

39       ...."

40       **SECTION 31.** Article 22 of Chapter 14 of the General Statutes is amended by  
41 adding a new section to read:

42 **"§ 14-159.4. Cutting, mutilating, defacing, or otherwise injuring property to obtain**  
43 **nonferrous metals.**

44       (a) Definition of Nonferrous Metals. – For purposes of this section, the term  
45 "nonferrous metals" means metals not containing significant quantities of iron or steel,  
46 including, but not limited to, copper wire, copper clad steel wire, copper pipe, copper bars,  
47 copper sheeting, aluminum other than aluminum cans, a product that is a mixture of aluminum  
48 and copper, catalytic converters, lead-acid batteries, and stainless steel beer kegs or containers.

49       (b) Prohibited Act. – It is unlawful for a person to willfully and wantonly cut, mutilate,  
50 deface, or otherwise injure any personal or real property of another, including any fixtures or  
51 improvements, for the purpose of obtaining nonferrous metals in any amount.

1       (c) Punishment. – Violations of this section are punishable as follows:

2       (1) Default. – If the direct injury is to property, and the amount of loss in value  
3 to the property, the amount of repairs necessary to return the property to its  
4 condition before the act, or the property loss (including fixtures or  
5 improvements) is less than one thousand dollars (\$1,000), a violation shall  
6 be punishable as a Class 1 misdemeanor. If the applicable amount is one  
7 thousand dollars (\$1,000) or more, but less than ten thousand dollars  
8 (\$10,000), a violation shall be punishable as a Class H felony. If the  
9 applicable amount is ten thousand dollars (\$10,000) or more, a violation  
10 shall be deemed an aggravated offense and shall be punishable as a Class F  
11 felony.

12       (2) When person suffers serious injury. – Unless the conduct is covered under  
13 some other provision of law providing greater punishment, a violation of this  
14 section that results in a serious injury to another person is punishable as a  
15 Class A1 misdemeanor.

16       (3) When person suffers a serious bodily injury. – Unless the conduct is covered  
17 under some other provision of law providing greater punishment, a violation  
18 of this section that results in serious bodily injury to another person is  
19 punishable as a Class F felony. For purposes of this subdivision, "serious  
20 bodily injury" is as defined in G.S. 14-32.4.

21       (4) When person is killed. – Unless the conduct is covered under some other  
22 provision of law providing greater punishment, a violation of this section  
23 that results in the death of another person is punishable as a Class D felony.

24       (5) When critical infrastructure affected. – Unless the conduct is covered under  
25 some other provision of law providing greater punishment, a violation of this  
26 section that results in the disruption of communication or electrical service  
27 to critical infrastructure or to more than 10 customers of the communication  
28 or electrical service is guilty of a Class 1 misdemeanor.

29       (d) Liability. – This section does not create or impose a duty of care upon the owner of  
30 personal or real property that would not otherwise exist under common law. A public or private  
31 owner of personal or real property shall not be civilly liable:

32       (1) To a person who is injured while committing or attempting to commit a  
33 violation of this section.

34       (2) To a person who is injured while a third party is committing or attempting to  
35 commit a violation of this section.

36       (3) For a person's injuries caused by a dangerous condition created as a result of  
37 a violation of this section, when the owner does not know and could not  
38 have reasonably known of the dangerous condition."

39       **SECTION 32.** Pawnbroker licenses and permits to engage as a dealer in the  
40 business of purchasing precious metals that are valid on the effective date of this act shall  
41 continue in force until the natural expiration thereof, unless otherwise revoked or suspended in  
42 accordance with applicable law.

43       **SECTION 33.** This act becomes effective October 1, 2012, and applies to offenses  
44 committed on or after that date. Prosecutions for offenses committed before the effective date  
45 of this act are not abated or affected by this act, and the statutes that would be applicable but for  
46 this act remain applicable to those prosecutions.