

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
HOUSE JUDICIARY COMMITTEE

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Philadelphia School of the Future
4021 Parkside Avenue
Philadelphia, Pennsylvania

Wednesday, August 11, 2010
10:00 a.m.

- - -

PUBLIC HEARING ON
HOUSE BILL 2517

- - -

BEFORE:

- REP. THOMAS R. CALTAGIRONE, CHAIRMAN
- REP. DOM COSTA
- REP. VANESSA LOWERY BROWN
- REP. RONALD WATERS
- REP. JOSHUA SHAPIRO

WENDELL HANNAFORD, Staff of the Chairman
CHRISTOPHER WINTERS, Staff of the Chairman

REPORTED BY: ROSE A. TAMBURRI, RPR, CM, CCR, CRR

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1 ALSO PRESENT:

2 STANTON MYERSON, President, PA Pawnbrokers Assoc.

3 DEPUTY CHIEF JOHN A. LIVINGOOD, Abington Township
Police Department4
5 CAPTAIN LENNY DITCHKOFISKY, Commanding Officer of
Philadelphia Police Department's Major Crimes Unit6 LIEUTENANT FRANCIS HEALY, Philadelphia Police
Commissioner's Office7
8 LIEUTENANT FRANK POLUMBO, 19th District

9 SERGENAT JOHN BAILEY, Treddyfrin Township Police Dept.

10 SERGEANT MIKE TICE, PA State Police

11 JAMES SAMPSON, Team 190

12 LINDA HILL, Concerned Citizen

13 CLIFF LOWERY, Retired Police Officer

14 STUDENT INTERNS:

15
16 Christian Shepard

17 Charles Brown Lee

18 Theodore Andrews

19
20 STAFF FOR REP. LOWERY BROWN21
22 Valerie Johnson

23 Bernice Sloan

24 Cynthia Platts

25 Alex Brown

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1 (Whereupon, the proceedings commenced at
2 10:00 a.m.)

3 CHAIRMAN CALTAGIRONE: We'll get started
4 with the public hearing on House Bill 2517. I'm Tom
5 Caltagirone, Chairman of the House Judiciary
6 Committee, and I'd like the members to introduce
7 themselves for the record, and the staff that's here.
8 And we'll start off with the first testifier, and I'll
9 turn the hearing over to Vanessa.

10 REP. COSTA: Rep. Dom Costa, City of
11 Pittsburgh and Allegheny County.

12 CHAIRMAN CALTAGIRONE: Tom Caltagirone,
13 Reading.

14 REP. LOWERY BROWN: And I'm Rep. Vanessa
15 Lowery Brown, and I'm your host. Welcome to the City
16 of Brotherly Love and Sisterly Affection.

17 So just a brief opening. The reason why
18 this legislation was drafted, there's a large number
19 of pawnbrokers that are in the 190th District and
20 across the Commonwealth, and out of a personal
21 experience, I'll just say that I had some of my own
22 personal items end up in a pawnshop, and I had a hard
23 time getting them back. And it just kind of had a
24 little bit of passion inside of me to try to make this
25 better for constituents and for residents who may have

1 lost some of their items in a pawnshop.

2 And I'd like to have both sides of, you
3 know, your perspectives on this, from the Pawn Brokers
4 Association and from law enforcement, to see how we
5 could tweak this so that it works for everybody.

6 And I just want to thank everyone for
7 coming from all across the state, and I appreciate
8 your participation today. Thank you.

9 Okay. So we're going to get started with
10 our first presenter, and that's Stanton Myerson, the
11 President of the PA Pawnbrokers Association.

12 MR. MYERSON: Thank you Rep. Brown.

13 REP. LOWERY BROWN: Before you start, I'm
14 sorry, young lady, who are you representing?

15 UNIDENTIFIED SPEAKER: I'm waiting for Rep.
16 Shapiro.

17 MR. MYERSON: The PA Pawnbrokers
18 Association is committed to keeping our industry
19 current with changes, needs and the legal protections
20 to which our clients and members are entitled. To
21 that end, our association will work diligently with
22 government and law enforcement to create a more
23 comprehensive and workable system. In order for this
24 to occur, it's imperative there be a level of trust
25 between all parties, being essential that information

1 be shared with an open dialogue.

2 Now, let me comment on the section, the
3 proposed Section 16.1. The proposed Section 16.1 is a
4 duplication in part of the Pawnbrokers Act 63P.S.
5 281-1, Part V entitled Pawnbrokers Chapter 61. The
6 General Provisions, Section 61.8, which I attached,
7 has been a provision in place since the Act was
8 passed, nearly 75 years ago, and has worked pretty
9 well. Most pawnbrokers have a healthy relationship
10 with their respective police departments in curbing
11 the trafficking of stolen property by freely
12 exchanging information about the clients they deal
13 with and the property they accept for collateral.

14 2. To put this in proper perspective, in
15 the Commonwealth of Pennsylvania, there only exists
16 less than 60 licensed pawnbrokers, that's less than 60
17 licensed pawnbrokers. With a low number of licensees,
18 law enforcement might take a closer look at unlicensed
19 dealers, who buy and resell property without any
20 mandatory standardized reporting. Police files will
21 show that a very small percentage of property that
22 pawnbrokers take is stolen property that can be
23 attributed to pawnbrokers.

24 3. What -- in the 16.1, what constitutes
25 probable cause? Is it a hunch, a tip, an allegation

1 by a spouse, family member, girlfriend, boyfriend? I
2 believe there should be some guidelines to protect the
3 rights of the pawnbrokers from unsupported
4 allegations.

5 4. What defines misappropriated? Does it
6 mean stolen property, adverse claims of ownership,
7 property in a divorce proceeding? The wording is too
8 vague, broad and needs clarification.

9 5. The aforementioned Section 61.8 that is
10 attached addresses the "HOLD" order under the term of
11 61.8, the "STOP" order with a similar 90-day holding
12 period. However, under current regulations, the
13 "STOP" period, "shall automatically lapse at the
14 expiration of 90 days unless extended by the issuing
15 authority." We believe that this "automatically
16 lapse" provision should remain unchanged since 90 days
17 should be adequate time to determine the rightful
18 ownership of such questionable property. And if not,
19 the current provision provides for an extension.

20 6. What is the definition of "appropriate
21 law enforcement official"? Does it include only law
22 enforcement official from within the licensed
23 pawnbrokers jurisdiction? Can an outside jurisdiction
24 supersede local authorities? Does it include Federal
25 government or a foreign state, not having

1 jurisdiction? A more narrow definition is necessary
2 to avoid misinterpretation of this -- of the
3 regulation.

4 7. The proposed Section requires the
5 Pawnbroker to inform by "the appropriate law
6 enforcement official by certified mail, return receipt
7 requested that the holding period expired." This
8 makes little sense. The law enforcement official
9 making the initial "HOLD" or "STOP" request, should be
10 required to track it, not the Pawnbroker. If an
11 extension is necessary, it should be the
12 responsibility of the official making the initial
13 request. This is addressed in the current Pawnbrokers
14 Act 61.8(a)(3).

15 8. The Pawnbroker Association has
16 absolutely no objection to a "HOLD" order form
17 containing the information required by proposed 16.1.

18 In summary, the PA Pawnbrokers Association
19 believes the existing regulation, 61.8 entitled Stolen
20 Property, as written is adequate to meet the needs of
21 both law enforcement and the Pawnbroking industry.
22 However, if the regulation needs some refinement, we
23 would be willing to work with all parties to reach a
24 reasonable compromise agreement. Thank you.

25 REP. LOWERY BROWN: Thank you. Anyone from

1 the Committee have any questions? I'm going to
2 actually ask our Chairman, do you mind if we do this
3 like a roundtable? We don't have to be very formal
4 here.

5 I would like, if anyone in the room here
6 has any questions, please, feel open to ask. You
7 know, I have to wait to hear testimony to -- I like
8 this to be a back and forth kind of give and take. So
9 at this time, are there any questions?

10 REP. COSTA: Yes.

11 REP. LOWERY BROWN: Rep. Costa.

12 REP. COSTA: Mr. Myerson, basically, in
13 section 2, you said a very small percentage of stolen
14 property can be attributed to pawnbrokers. Is that
15 licensed pawnbrokers or unlicensed?

16 MR. MYERSON: Well, quite frankly, if
17 you're not a pawnbroker, really, you're not licensed.

18 REP. LOWERY BROWN: Pose the question
19 again.

20 MR. MYERSON: The answer is that you're not
21 a pawnbroker if you're not licensed. You may be doing
22 business like a pawnbroker lending money, but you're
23 not a pawnbroker.

24 So my point is, this has to do with
25 licensed pawnbrokers.

1 REP. COSTA: Yes, I understand that, but in
2 your testimony, prior to that, it says that less than
3 60 licensed pawnbrokers, so we are calling other
4 people pawnbrokers, whether they -- I mean, for the
5 benefit of this? I mean --

6 MR. MYERSON: Well, no. I didn't mean to
7 imply anything --

8 REP. COSTA: Okay.

9 MR. MYERSON: -- other than there's less
10 than 60 licensees in the Department of Pawnbrokers.

11 REP. COSTA: Okay. Very good. Just wanted
12 to clarify that.

13 Thank you, Mr. Chairman.

14 REP. LOWERY BROWN: A couple more people
15 have come in, so if you can just introduce yourself,
16 and if you can speak up loudly so that she can record
17 it. Thank you.

18 LIEUTENANT PALUMBO: Lieutenant Frank
19 Palumbo from the 19th District.

20 LIEUTENANT HEALY: Lieutenant Francis Healy
21 with the Police Commissioner's Office, Philadelphia.

22 REP. LOWERY BROWN: And we have some guests
23 from the community. Could you please just state your
24 name.

25 MR. SAMSON: James Samson, team 190.

1 REP. LOWERY BROWN: And also with him --
2 I'm putting you on the spot. She actually came here
3 for something else, and she told me what was going on.
4 She said, "I'm concerned about that. I'll sit in,
5 too."

6 MS. HILL: Linda Hill. Right now I'm
7 disabled and I'm due back to work, but I am concerned
8 because a lot of neighbors' homes are broken into and
9 their stuff is stolen. And my son liked to pawn
10 stuff, and he can't get his stuff back, so I'm kind of
11 concerned.

12 REP. LOWERY BROWN: Thank you for being
13 here. And to our officers that just came in, I'm glad
14 you're dressed the way you are, because I saw you walk
15 in with the football team. I thought you were part of
16 that group.

17 LIEUTENANT HEALY: No.

18 REP. LOWERY BROWN: I have a question about
19 licensed and unlicensed pawnbrokers. Are you aware of
20 the unlicensed pawnbrokers? Do you know who they are?

21 MR. MYERSON: When it's pointed out to us,
22 when it's pointed out to us that someone is acting as
23 a pawnbroker, we report it to the Department of
24 Banking. But unless it's reported, we have no way of
25 knowing.

1 REP. LOWERY BROWN: Thank you.

2 And how many reports have you made that
3 you're aware of?

4 MR. MYERSON: In recent years, maybe three.

5 REP. LOWERY BROWN: Okay. All right.

6 And out of the 60 geographically, where
7 would you say you were the most densely populated, in
8 what city?

9 MR. MYERSON: Philadelphia and Pittsburgh.

10 REP. LOWERY BROWN: Okay.

11 MR. MYERSON: But most in Philadelphia.

12 REP. LOWERY BROWN: Most in Philadelphia.

13 And is it spread out throughout
14 Philadelphia, or are there any particular
15 neighborhoods that we're talking about?

16 MR. MYERSON: Well, you're going to have --
17 is it spread out? I would say mainly in the -- in
18 the -- within the city limits, there are some in the
19 Northeast, but I'd say mainly from Germantown East --

20 REP. LOWERY BROWN: Okay.

21 MR. MYERSON: -- or South, I guess it would
22 be.

23 REP. LOWERY BROWN: So they're mostly in
24 the lower economic communities, like Lower Germantown,
25 North Philly, West Philly, a few in South

1 Philadelphia; is that correct to say?

2 MR. MYERSON: Yes, but I don't know if it's
3 fair to say that they are because it's a low
4 socioeconomic community, because a lot of these were
5 around when it wasn't low socioeconomic.

6 For instance, Carver Reed has been there
7 since 1890. It wasn't low socioeconomic at that time.
8 We've been in business since 1919 and it wasn't low
9 socioeconomic.

10 REP. LOWERY BROWN: Okay. So the majority
11 of them, are you trying to imply that they've been
12 there for over 60 years maybe?

13 MR. MYERSON: Well, some have and some are
14 relatively new. And that came about, I think about
15 ten years ago, when the check cashing industry was
16 under -- put under regulation, and a lot of them
17 wanted to usurp that law by getting a pawnbroker's
18 license. And we fought vehemently against that,
19 because we didn't want a proliferation just to
20 circumvent a particular law.

21 REP. LOWERY BROWN: Okay.

22 MR. MYERSON: But that is what they're
23 doing.

24 REP. LOWERY BROWN: I may come back and ask
25 more questions as we hear more testimony. So thank

1 you so much.

2 Now, I'd like to move on with our
3 testimony. Actually, there's a panel. No one has to
4 move for this. We have John Livingood, the Deputy
5 Chief of Abington; Glen Ditchkofsky -- did I get that
6 right?

7 CAPTAIN DITCHKOFSKY: Yes, you did.

8 REP. LOWERY BROWN: Oh, I go to the head of
9 the class. Captain, Commanding Officer of the
10 Philadelphia Police Department's Major Crimes Unit.
11 And we'll start with John Livingood.

12 DEPUTY CHIEF LIVINGOOD: Thank you.
13 Mr. Chairman, members of the Committee, my name is
14 John A. Livingood. I'm the Deputy Chief of Abington
15 Township Police Department in Montgomery County.

16 First of all, I'd like to introduce a
17 couple of people that have accompanied me here today.
18 To my immediate right is Detective Sergeant John
19 Bailey, Treddyfrin Township Police Department in
20 Chester County, and all the way at the end of the
21 table is Sergeant Mike Tice, PA State Police.

22 First of all, I'd like to commend State
23 Rep. Brown and the other representatives who
24 introduced House Bill 2517 for the positive steps it
25 takes for law enforcement. It will help law

1 enforcement in our mission as we seek to recover
2 stolen property, prosecute those who stole it and
3 return the property to its rightful owners.

4 Like most suburban police departments, one
5 of the more significant crimes affecting our citizens
6 are residential burglaries. Many citizens not only
7 have lost valuable property, but in many cases,
8 heirloom jewelry and items that had great meaning to
9 them. All of us like to think that we are safe and
10 secure in our own homes, but when a burglary occurs,
11 it deprives citizens of this most basic sense of
12 security. I've had victims tell me that after a
13 burglary, they never again feel quite the same way in
14 their own home.

15 Sometimes the results can be even more
16 devastating. January 1st, 1986, a prominent Abington
17 physician was slain in his own bed by two would-be
18 burglars. They had broken into his home with the
19 intent on burglary, and killed him as he slept next to
20 his wife.

21 This past spring, we investigated a
22 burglary in which an elderly man surprised a burglar
23 in his home and was severely beaten by the intruder.
24 He has still not fully recovered from those injuries.

25 I believe that burglaries and thefts are

1 driven by the criminals' desire to steal items that
2 they can easily convert to cash, and then in many
3 cases, to illegal drugs. Property taken in thefts and
4 burglaries include small electronics, guns, cameras,
5 currency and almost always, jewelry. Jewelry is the
6 one valuable item that just about everyone has in
7 their own home. Even jewelry that one wouldn't
8 ordinarily think of being very valuable, because of
9 the price of gold and precious metals today, has great
10 monetary value.

11 The reason is that as the price of precious
12 metals has increased, so even small little pieces of
13 insignificant jewelry today have great value attached
14 to them. The price of gold in 2006 was \$400 per
15 ounce. It has steadily increased, and today, an ounce
16 of gold is worth three times that or over \$1200 an
17 ounce. We have witnessed a similar increase in
18 burglaries, and I believe that it has a direct
19 correlation to the price of gold and other precious
20 metals.

21 In the copy of my testimony that I have
22 given you, I have included a graph in there that shows
23 the increase in burglaries in Pennsylvania, according
24 to Pennsylvania State Police Uniform Crime Statistics,
25 and you can see that from 2004, it started at 51,600

1 burglaries across the Commonwealth, and in 2008, the
2 last year that these statistics were published, it had
3 risen to 58,600. So it's a rather dramatic increase,
4 and I believe it very closely mirrors and parallels
5 that increase in the price of gold and precious
6 metals.

7 The most frustrating thing about
8 investigating burglaries is seldom do we recover
9 stolen property. In only a small fraction of the
10 cases the jewelry is stolen is it ever recovered.

11 With the dramatic increase in precious
12 metal prices, there's also been a similar increase in
13 the number of dealers and other merchants ready and
14 willing to purchase gold, precious metals and other
15 items of value.

16 Although the steps taken in the House Bill
17 Number 2517 are positive ones for our citizens, the
18 ultimate solution would be to require all persons who
19 buy precious metals, buy other valuable property or
20 accept items for pawn to take the following steps:

21 First of all, require sellers to show valid
22 photo ID. The buyer would also have to record the
23 seller's name, address, and phone number in addition
24 to the ID number. The ID would be copied by the
25 buyer.

1 A complete description of the property
2 being sold would be recorded by the buyer and ideally
3 a digital photo would be taken of the property and a
4 photo of the seller, as well.

5 The buyer would be required to upload all
6 this information to a secure Internet website where it
7 would be only available to law enforcement officers to
8 review. The names of sellers could be checked against
9 suspect lists and the property could be checked
10 against stolen property lists.

11 This is currently being done in some other
12 states and location. Maryland, for example, has such
13 a system and they routinely send PA law enforcement
14 officers lists of sellers that are from PA who are
15 going across the line to Maryland and selling property
16 there.

17 Another similar system exists in New
18 England. The New England system is unique in that it
19 was put in operation without any expense to taxpayers.
20 The reason is that the New England system operates on
21 the Regional Information Sharing System, otherwise
22 known as RISS, and it was developed by the New England
23 State Police Information Network, otherwise known as
24 NESPIN.

25 RISS is a national network of regionally

1 oriented police services and national information
2 sharing initiatives designed to support local, state,
3 federal and tribal law enforcement activities. It is
4 also run by these same local, state and tribal
5 agencies, even though it is funded with federal money.
6 It's funded through the Justice Department, Bureau of
7 Justice Assistance. RISS consists of the RISS Office
8 of Internet Technology and our six RISS centers which
9 cover the entire country. These six RISS centers
10 include NESPIN, which covers the New England States
11 and the MAGLOCLEN, or the Middle Atlantic Great Lakes
12 Organized Crime Law Enforcement Network, which covers
13 all of PA and a few other states, as well.

14 The best use of tax dollars is to avoid
15 duplication of effort, and to this end, what RISS does
16 is has each different RISS center develop different
17 programs using those federal tax dollars, and then if
18 the program is successful, they share it between all
19 of the other tax -- the other RISS centers, as well.

20 NESPIN, the New England one, developed
21 their regional information sharing system for pawnshop
22 databases. It has proved to be phenomenally
23 successful in the New England region. Over 50 police
24 departments ascribe to it, and it has been spread
25 throughout the New England States. This has been

1 accomplished without any burden on taxpayers because
2 of the way I previously mentioned that it was funded.

3 Philadelphia Police Department is in the
4 process on a trial basis of implementing the NESPIN
5 developed pawnshop database, and Captain Ditchkofsky
6 can talk about that a little bit better. My
7 understanding is that even during the trial that
8 they've run, it has already proved to be successful.

9 There are some impediments to trying this
10 on a Commonwealth-wide basis and they include, first
11 of all, pawnbrokers operate under the auspices of the
12 Department of Banking. Precious metal sales are
13 regulated by the Attorney General and the Department
14 of Agriculture, even though the conduct being
15 regulated is very similar between both. Both of these
16 agencies permit additional local regulation which is
17 exactly what Philadelphia is currently doing.

18 However, as the regulations are written now, they
19 would require every single local jurisdiction in the
20 state to pass identical rules and regulations.

21 Otherwise, we would end up with a patchwork of hit or
22 miss legislation where you could go from one
23 municipality where regulations would be one thing,
24 move next door to another county or another
25 municipality, they would be completely different. I

1 suggest that the solution is Commonwealth-wide
2 regulations that cover the entire state.

3 The regulations for pawnbrokers only apply
4 to pawns or property that is turned in with the
5 intention to be repurchased by the seller. A seller
6 who goes to a pawnshop with the intent to sell
7 property with no intention of buying it back, merely
8 sells it, is not covered by those same legislations.

9 Pawnbrokers who also buy precious metals
10 require a license with the Department of Banking, and
11 then if they meet the regulations -- in order to meet
12 the regulations of a precious metals dealer, they need
13 to buy a license from the sheriff in the county of
14 every department of which they operate.

15 Pawnbrokers regulations for the required --
16 I'm sorry -- regulations for both pawnbrokers and
17 precious metals dealers require only a hard copy be
18 maintained. There are currently no requirements to
19 submit data electronically, and in my opinion, that is
20 the only meaningful way to cross-reference a list of
21 stolen property, as well as those who are selling it.

22 Secondhand dealers are completely excluded
23 from any of these regulations and they are often free
24 to purchase valuable property without any oversight
25 whatsoever. And my understanding is that that is

1 happening in a lot of the more rural areas of the
2 state.

3 There is currently no oversight at all for
4 what we would term fly-by-night or transient dealers.
5 They frequently advertise in local newspapers; take
6 full page color ads, that they'll be at a motel for a
7 weekend; they'll buy gold clasp rings, watches,
8 whatever you have to sell, and then they are gone.
9 And I have an ad with me, if you'd like to see that.

10 (Whereupon, Chief Livingood passes
11 newspaper ad to the Chairman.)

12 DEPUTY CHIEF LIVINGOOD: I believe that the
13 most effective legislation to deal with these issues
14 would encompass all of the above and be uniform
15 throughout the Commonwealth. Only when we have every
16 business that buys used property, precious metals, or
17 makes loans for pawn operating under the same
18 regulations will we have truly effective regulations.
19 These regulations should require every seller to have
20 valid ID and the buyer to record that ID, as well as
21 the other previously discussed data. Every dealer
22 should be required to have a computer capable of
23 accessing the Internet so they could reach a secure
24 database, like the RISS/NESPIN database I previously
25 discussed.

1 Because the infrastructure has already been
2 funded by the Federal Government, and because an
3 Internet connection is not an overly burdensome
4 requirement, we have the capability of putting this
5 system in place without any additional burden to the
6 citizens of this Commonwealth. This system and
7 necessary regulation and legislation will, in my
8 opinion, be of tremendous benefit to the safety and
9 well-being of the citizens of this Commonwealth.

10 Thank you again for helping move this
11 legislation forward. It is a very positive step. I
12 have been working with Rep. Josh Shapiro on more
13 comprehensive legislation that could either be a
14 stand-alone bill or be incorporated into Rep. Brown's
15 bill. And this would provide PA with a statewide
16 regulation that would be even more effective. Thank
17 you very much.

18 REP. LOWERY BROWN: Thank you. My plan was
19 to have both of you testify, but you mentioned
20 something I'm going to just ask a brief question
21 about.

22 You said you and Rep. Shapiro are working
23 on this. Has this legislation introduction sparked
24 this dialogue, or have you been working on this for a
25 while?

1 DEPUTY CHIEF LIVINGOOD: Actually, they
2 have been currently, co-currently --

3 REP. LOWERY BROWN: Really.

4 DEPUTY CHIEF LIVINGOOD: -- so as your
5 legislation was being introduced, I had spoken with
6 Josh Shapiro about the same time your bill was
7 introduced.

8 REP. LOWERY BROWN: So this has been on
9 your watch for a while.

10 DEPUTY CHIEF LIVINGOOD: Absolutely.

11 REP. LOWERY BROWN: Great. I'm glad to
12 hear that.

13 I'd like to move on, if anyone -- if you
14 don't mind, can we hear both sides? Great. Now I'd
15 like to ask Lenny Ditchkofsky to present. Thank you.

16 CAPTAIN DITCHKOFSKY: Good morning. Len
17 Ditchkofsky, Captain, Commanding Officer of Police
18 Department's Major Crimes Unit. Our City Council has
19 just recently unanimously passed pawnbroker and
20 precious metal legislation. We are in the process now
21 of implementing that. I brought with me some facts
22 and figures to tell you what we found.

23 What we're targeting here, the crimes are
24 mainly robbery, burglary and thefts. You'll see, as I
25 passed out, we -- in the robbery category, we did

1 okay. We recovered quite a bit of that property.

2 When it comes to burglary and theft, even
3 though our clearance rates are traditionally low, but
4 even when we cleared that crime, we very rarely
5 recover any property. But I agree with Chief
6 Livingood, it's usually jewelry, family heirlooms,
7 things that have not only monetary value, but close --
8 you know, they tug the heart strings. It's stuff that
9 means something to those folks and those folks alone.

10 We have reran a test with the MAGLOCLEN
11 system through NESPIN. We took 30 days for the month
12 of April, and we put it into the system from a
13 pawnbroker on South Street. We randomly picked two
14 days, and we were able to identify nine persons out of
15 those two days who had made multiple appearances at
16 these pawn shops. One has broken into an
17 investigation. The individual is not who he said he
18 was. He presented a very authentic looking PA fake
19 ID. The other was a legitimate customer, just a guy
20 from South Philadelphia who was down on his luck, had
21 lost his job, and he was pawning off articles. But
22 just for those two days, we were able to pull out nine
23 different people who made multiple visits to that
24 pawnshop in one month.

25 We are currently working on the technical

1 end of it to get it up and running, and I hope that
2 that's going to happen in the very near future.

3 REP. LOWERY BROWN: Thank you, and thank
4 you for bringing these great statistics.

5 At this time, I'd like to open it up to the
6 full panel for a back-and-forth discussion. If
7 everyone here has been working on this, I think it's a
8 great opportunity for us to hear from both sides, and
9 also from our Committee.

10 CHAIRMAN CALTAGIRONE: You know, the
11 surprising thing, after your testimony, I was the
12 former chairman of the Commerce Committee before I
13 came back to Judiciary. I had done about four years
14 of chairman of Commerce and, of course, under Commerce
15 is the Banking Department. And I was kind of shocked
16 that we don't have them regulated -- not you
17 pawnbrokers; I'm talking about the fly-by-nights. And
18 we see it all the time. It's advertised in every one
19 of our areas across the state, and no regs or controls
20 on them, which kind of shocked me, to say the least.

21 Or if they go in and sell, there's a little
22 bit of loose end on that tail, too, as opposed to, you
23 know, just pawning. So I think we have to tighten
24 that up.

25 I'm in agreement. I think in these

1 economic times, I think what's been happening, it's
2 grab and run, grab and run, with the burglaries that
3 we've had in Reading, and just about all over the
4 state in every single community.

5 And, you know, suburban areas, they're not
6 safe. I mean, the bad guy, they know where to go.
7 They watch places, and no disrespect meant to anybody
8 here from law enforcement, but what I've seen happen
9 over and over and over again is that in the smaller
10 communities, the first thing to go is the small police
11 departments. They can't afford it, so they eliminate
12 them. And there's been over 12 this year so far,
13 small municipality. Then they expect the State Police
14 to provide protection. And with the complement in the
15 State Police being down and no new class since, I
16 guess it was last June, and the best I know right now
17 is that there may not be one any time too soon, it
18 begs the question, where is the coverage and the
19 response time?

20 As you well know, if a burglar alarm goes
21 off and you have to get somebody there, you know, they
22 have to wait for the State Police to get there. If
23 they're on patrol, or with the limited numbers that
24 they have, it's not going to be that quick to get a
25 response.

1 And no disrespect meant to the State
2 Police, the complement is down. A lot of them are
3 being pulled off every time a casino opens up to cover
4 the casino 24/7.

5 So, you know, there's some very good
6 suggestions that you've made here, and I'd like to
7 recommend to Vanessa that we possibly consider those
8 as an amendment to her bill, with the understanding
9 that -- you know, I want to be honest with you. We've
10 got about three or four weeks left in this session. I
11 am Chairman of the Judiciary. We could probably get
12 this bill moved when we get back, with any amendments
13 to address these other concerns, and the loopholes
14 that you all pointed out, and I think we have some
15 very, very good suggestions there. If we can get it
16 out of the Committee and get it to the floor after a
17 fiscal note is attached, it might be a couple weeks
18 there. Even if we can get it over to the Senate,
19 hopefully, they could get moving on it.

20 But the word is that there may not be any
21 activity after the election in November, and by that I
22 mean I've been told that the Senate may not -- I don't
23 want to speak for the Senate. I would hope that they
24 would come back, but that there's a possibility that
25 they might not come back.

1 So that if we don't get to address this
2 issue before the session ends this year, what I'd like
3 to see is the right back at it when we go back to
4 session in January. But I really think that this
5 would give an effective view of law enforcement.

6 And I've worked very closely with MAGLOCLEEN
7 over the years, and the good work that they do, and
8 sharing with the information, and I think that is so,
9 so very, very critical; the points that you all are
10 making about making sure that that information gets
11 out in a timely manner, because once it gets to some
12 of these overnight dealers, I'm sure they're melting
13 that stuff down as fast as they're getting it in, and
14 before you know, it's gone.

15 So how do you look at a bar of gold or
16 silver if it's been melted? They pop the stones out.
17 You know, I've seen some of these in operation, and I
18 think to myself, we've got to have a better system, a
19 better networking communication with law enforcement,
20 number one, and oversight and regulation on those that
21 are not regulated.

22 I respect what you've said and the number
23 of honest pawnbrokers, and I'm sure you would agree
24 that the ones that are causing you the headaches and
25 heartaches should be weeded out so that there's some

1 controls over those. If they come in overnight -- and
2 you have that article; if you just want to share that,
3 indicating, you know, here they come, bring your gold,
4 silver, precious jewels. They're here tonight, this
5 weekend and they're gone.

6 And then how do you track them? You know,
7 what regulations and controls do we have on them, let
8 alone, you know, people selling their, whatever?

9 I just think that the recommendations are
10 very, very good. They really hit, and I'd like to try
11 to incorporate them into that legislation.

12 DEPUTY CHIEF LIVINGOOD: I would just like
13 to say -- I'd just like to say that I know that I have
14 been in contact with Mr. Brennan, who is a legislative
15 aid, I believe for Josh Shapiro, Rep. Josh Shapiro. I
16 know he has already drafted some ideas on some of
17 these things and is continuing to work on it. So it
18 may be his office could work together with Rep.
19 Brown's office. They could accomplish this together.

20 MR. MYERSON: The only way this is going to
21 operate effectively is if pawnbrokers, auction houses,
22 buyers and sellers of jewelry and anything else are
23 regulated. If it's not comprehensive, we're wasting
24 our time. We have too many loopholes.

25 Law enforcement has been inundated with

1 facts for years now. It's more than they can handle.
2 And we are behind a system, any type of system that's
3 secure through the Internet for reporting pawning
4 and/or selling of merchandise. But it's got to be
5 comprehensive to be effective.

6 CHAIRMAN CALTAGIRONE: Nobody should be
7 left out of the net.

8 MR. MYERSON: Correct.

9 REP. COSTA: Okay. A couple of questions.
10 First off, I'd like to thank everyone here for their
11 comments, law enforcement especially, because I
12 retired from the police department three years ago,
13 City of Pittsburgh Chief, okay? And I decided to take
14 this career on to basically enhance what I did for
15 28 years. All right? And so I commend you gentlemen
16 for being here, and I do appreciate it. And I know
17 how much harder it is in today's climate to do police
18 work than it was when I was there three years ago. It
19 just changes.

20 I guess the Chief, I commend you on your
21 testimony and the suggestions you've made, and I
22 believe, Mr. Myerson, in all due respect, your
23 organization, that everything that has been mentioned
24 are good things. Okay? Legitimate businesses should
25 have no problems doing those types of things, and I

1 also agree with you that it should be up to the law
2 enforcement agency to let someone know when it
3 expires, not up to the dealer, because we're putting
4 too much, basically, on the dealer. If we're going to
5 put a restriction like that, it should be up to us to
6 say, Listen, we need more time or we don't.

7 Chief, you said that Maryland has been
8 using this system. Do you know, by chance, has there
9 been any reduction, marked reduction in burglaries or
10 anything in that area?

11 DEPUTY CHIEF LIVINGOOD: Mr. Costa, I do
12 not know the answer to that question, but I'm going to
13 ask Sergeant Tice if he has any information regarding
14 that. He has done a lot of work in this area, as
15 well.

16 SERGEANT TICE: 2005 -- 2003, I started
17 looking into the pawnshop precious metal secondhand
18 stores. They did not have that data. That law was
19 just enacted in -- I believe it was 2005 that Maryland
20 passed that. They did not have that information
21 available. And like I say, I haven't, but it's easily
22 researched. We still have all the contacts. We can
23 get all that information to you.

24 REP. COSTA: If you would do that, maybe
25 get it back to the Chairman. I mean, that -- I

1 believe we need this legislation, but I'd also like to
2 show -- there's going to be some big naysayers out
3 there, and I'd like to show them that we do have some
4 positive results in reduction in crime from this, or
5 at least burglaries.

6 So if you could do that, Sergeant, I'd
7 really appreciate it.

8 SERGEANT TICE: I have other states also.
9 I have every state in the country research, a contact,
10 so we can get all the different states, if you want,
11 or just specifically Maryland?

12 REP. COSTA: No, anything you can get to
13 help us make the case on the floor.

14 SERGEANT TICE: Yes, sir. Yes, sir.

15 REP. COSTA: And then one more,
16 Mr. Chairman, if it's okay.

17 Captain, the pawn shops that you mentioned,
18 the nine repeat customers --

19 CAPTAIN DITCHKOFISKY: Yes, sir.

20 REP. COSTA: Okay. Were they licensed --
21 was that a licensed pawnshop, and was it following the
22 regulations that it should have been following?

23 CAPTAIN DITCHKOFISKY: Yes, sir. He is a
24 licensed pawnshop. He has been very cooperative.
25 He's called us on numerous occasions to turn stolen

1 property in.

2 There was some laptop computers stolen from
3 the School District of Philadelphia, had not been
4 reported. They had School District of Philadelphia
5 stickers on them, which were covered by stickers.

6 Well, he paid for them in good faith. He
7 thought he had legitimate property, and when they
8 pulled the stickers off, we were the first ones to be
9 called.

10 It's to no -- it's not to the pawnbroker's
11 advantage to have stolen property in his inventory.
12 Some are cooperative; some aren't. But most are.

13 REP. COSTA: Thank you, Captain. I
14 appreciate it very much. Thank you.

15 REP. LOWERY BROWN: This is a school that
16 has had many of their computers up on Lancaster
17 Avenue, so every student here has a laptop, and
18 sometimes, you know, I heard you allude to this, that
19 it may be a relationship thing and ownership, and it
20 has been their own family members who have taken it,
21 you know. And some of our students have had maybe
22 three issues or more. So that is a big problem in our
23 area with the school laptop computers.

24 I want to also -- I just want to
25 acknowledge, Rep. -- introduce yourself. You're here.

1 Come on in.

2 REP. WATERS: I know Vanessa Brown, and I'm
3 here for her. I'm Rep. Ronald Waters, 191 is my
4 district. And good morning, Mr. Chairman, my
5 colleagues.

6 REP. LOWERY BROWN: Okay. I'd also like to
7 introduce my father. He's retired from homicide. Say
8 your name, please.

9 MR. LOWERY: Cliff Lowery.

10 REP. LOWERY BROWN: And this is my first
11 advisor when it comes to any dealing with law
12 enforcement. And he has a circle of friends who have
13 come into my office and they'll say yay or nay, and
14 they'll let me know if I'm on a straight path here.

15 CHAIRMAN CALTAGIRONE: He's your advisory
16 council.

17 REP. LOWERY BROWN: I'm blessed to have him
18 around me.

19 And then in the back of the room, we have a
20 lot of interns, young people here, and if they could
21 just take a moment and say their name. And they're
22 interning with me for the summer. Starting with you,
23 young laid.

24 MS. SHEPARD: Christian Shepard,
25 S-H-E-P-H-A-R-D.

1 MR. LEE: Charles Brown Lee, B-R-O-W-N
2 L-E-E.

3 MR. ANDREWS: Theodore Andrews,
4 T-H-E-O-D-O-R-E A-N-D-R-E-W-S.

5 REP. LOWERY BROWN: And I have staff, also.

6 MS. JOHNSON: Valerie Johnson,
7 J-O-H-N-S-O-N.

8 MS. SLOAN: Bernice Sloan, S-L-O-A-N.

9 MS. PLATTS: Cynthia Platts, P-L-A-T-T-S.

10 MR. BROWN: Alex Brown, B-R-O-W-N.

11 REP. LOWERY BROWN: Thank you. I guess
12 that has all of us covered. You didn't say anything.

13 MR. WINTERS: Chris Winters, Executive
14 Assistant to the Chairman.

15 MR. HANNAFORD: Wendell Hannaford, Staff of
16 the Chairman.

17 REP. LOWERY BROWN: Have you introduced
18 yourself?

19 OFFICER PALUMBO: Frank Palumbo.

20 REP. LOWERY BROWN: And would you like to
21 add anything to this discussion for the 19th
22 District's perspective?

23 OFFICER PALUMBO: We have one pawnshop, so
24 it's not a major problem in the 19th yet, but
25 everything I've heard sounds positive as far as

1 regulations that are proposed. It would help, if we
2 do get more pawnshops or gold exchange shops.

3 REP. LOWERY BROWN: Thank you.

4 LIEUTENANT HEALY: My name is Lieutenant
5 Healy, Special Legal Counsel to Commissioner Ramsey,
6 and I was asked by the Rep. to speak to this. I have
7 a formal written statement, but I'll try to summarize
8 it.

9 The terms of 2517 add to the Pawnbroker
10 Act, the hold-over period. That's what we're here to
11 testify to. The suggestions and recommendations
12 brought forward, you know, I fully support, but to the
13 terms of this Bill, I just want to make it very clear.

14 The Philadelphia Police Department supports
15 the hold-over period specifically implemented in this
16 statute which would allow the police, based on
17 probable cause, to hold property that's in
18 pawnbrokers' possession. And it also entitles him to
19 get the property back after criminal proceedings and
20 give certain legal rights to the property.

21 But first and foremost, it gives the police
22 departments the ability of that 90-day window to
23 actually put a hold on property so it doesn't
24 inadvertently slip through a pawnbroker's hands.
25 That's incredibly valuable for people like Captain

1 Ditchkofsky and any other law enforcement.

2 Once we identify -- like I said,
3 investigating property is presently difficult.
4 Oftentimes, we don't even get a list or identifying
5 factors of the property until after a few days. So
6 the ability to actually -- once we do get that
7 information, and we believe it's in a pawnbroker's
8 possession, then we can put a hold on it.

9 This way here, we don't lose criminal
10 evidence like everyone said on the other side of the
11 table. The evidence -- the property time evidence
12 usually disappears very quickly. So the ability to
13 hold or retain that evidence is incredibly valuable
14 for that reason.

15 Commissioner Ramsey would fully support the
16 provisions of 2517, and in the future, we would be
17 happy to work with any amendments to consolidate
18 pawnbroker and precious metal dealers, which are two
19 different separate actions, but we've worked with
20 Captain Ditchkofsky in Philadelphia, and in the
21 process of implementing that system, so we would be
22 happy to lend our assistance in the state legislature
23 in the same process. Thank you.

24 MR. MYERSON: I just have one more thing.
25 I understand that the Commissioner is in favor of HR

1 2517, but as I had mentioned first, 61.8 addresses
2 those issues entitled Stolen Property of the
3 Pawnbrokers Act, the hold period, so forth and so on.
4 And I think that this is pretty much a duplication.

5 REP. LOWERY BROWN: Thank you.

6 MR. MYERSON: And it's attached to my
7 copies.

8 REP. LOWERY BROWN: Thank you. I tell you,
9 with the hold though, for me, personally, when I was
10 going through my personal issue with my merchandise
11 ending up at the pawnbrokers, I went to Major Crimes
12 here at the 16th Police District, and they were
13 limited to be able to return my items back to me. And
14 the pawnbroker actually was not very nice to me,
15 knowing that that was my -- my property. And knowing
16 that I'm an upstanding community leader -- and I
17 wasn't elected then, but they knew I had a long
18 history of crime fighting and being a part of our town
19 watch and community policing. And there was no way on
20 God's green earth that I would make that claim if it
21 wasn't true. And basically, they told me to pay the
22 ticket or get out of their establishment. And that
23 was the only dealing that I had.

24 CAPTAIN DITCHKOFKY: You were victimized
25 twice, once by the thief and once by the pawnbroker.

1 REP. LOWERY BROWN: Right, right, right.
2 So that was a few years ago. And I tell you, it left
3 a really bad taste in my mouth. And I've just -- you
4 know, either way, I'm glad that everybody is here at
5 the table, everybody is a part of this process. It's
6 good to hear from both sides.

7 And I'm anxious to see this move forward,
8 especially working with Rep. Josh Shapiro. And I
9 think that the hold on it, if it is redundant, then we
10 need to really take a magnifying glass and see. And
11 if it isn't, we need to tweak it. And I know with our
12 Chairman's help, we're going to really scrutinize this
13 Bill very well to make sure that all sides are covered
14 as we move forward.

15 CHAIRMAN CALTAGIRONE: Let me just forewarn
16 you, we're going to come back here on the 13th of
17 September, and what I'm going to try to do is get
18 legal counsel to, if possible, draft the amendment.
19 If there's a conflict with the statute, we'll just
20 have another bill that will be introduced to cover
21 that area, also.

22 But I want to ask you here and now for the
23 record, with the issues that were pointed out that do
24 not affect pawnbrokers, you would have no problem
25 seeing that these others would be regulated by law, by

1 statute, so that we can put them under the
2 surveillance screen also, the fly-by-nights I'm
3 talking about, and even the pawnbrokers that buy and
4 not pawn, and especially jewelry and other valuable
5 items, so that we keep that reported in a manner that
6 could be checked so that there's some record.

7 And the recommendations that have been
8 made.

9 are you in agreement with that, if we -- I
10 don't want to go to battle with somebody if we can
11 work out a compromise before we get into this
12 situation. Would you be okay with that?

13 MR. MYERSON: Not only am I okay with it,
14 but I would highly recommend that you do go forward.

15 CHAIRMAN CALTAGIRONE: Okay.

16 MR. MYERSON: It should be an umbrella that
17 covers everything.

18 CHAIRMAN CALTAGIRONE: Okay.

19 (Whereupon, Rep. Joshua Shapiro enters
20 hearing room.)

21 REP. LOWERY BROWN: We're also -- we've
22 talked about you so much that it's great that you're
23 here. It's been all positive, so we're very glad to
24 have you here. And for those who do not know you -- I
25 don't know how you don't --

1 REP. SHAPIRO: Rep. Josh Shapiro, and a
2 member of the Judiciary Committee. And I apologize
3 for being late, but Vanessa needs to fix the
4 Schuylkill, and then I'll be able to get here on time.

5 REP. LOWERY BROWN: I'm going to start
6 digging today.

7 REP. SHAPIRO: It's my pleasure. And I
8 just want to commend Vanessa for her leadership on
9 this issue. And it's something that I'm sure you
10 heard from Deputy Chief Livingood's testimony,
11 something we want to work closely with her on, and
12 maybe even make some enhancements to legislation, but
13 appreciate your leadership.

14 This has been a major issue in terms of
15 hopefully giving additional toots to law enforcement
16 to fight crime in our region, not just in the City of
17 Philadelphia, but in the suburbs and statewide. And
18 so I really commend you for your leadership and for
19 hosting this meeting.

20 CHAIRMAN CALTAGIRONE: I think this is a
21 very, very good exchange. And until she brought this
22 issue to my attention, and I hope she gets on the
23 Committee next year. She's a valuable asset. With
24 her background with her dad and the advice that you
25 and your colleagues give her, she would be a welcome

1 addition to the Committee. You have to get her on
2 Judiciary.

3 But no, I would like to see us move forward
4 with this, because, you know, this was revealing to
5 me. You know, I'm up there 34 years. I started out
6 as a youngster and lost all my hair and seen
7 everything come full cycle in this time frame.

8 But the thing that shocked me the most --
9 and I served on Commerce as Chairman for four years --
10 we had oversight on banking. And when this was
11 brought out about, you know, we have that loophole
12 there, and I'm thinking oh, my God, why didn't we
13 catch this sooner?

14 But then, of course, as time goes on, as
15 you all know, times change, situations change and, you
16 know, with the value of gold, which you pointed out,
17 and I think that's a very, very attractive feature for
18 people to make some quick money.

19 You go in there; you get somebody's
20 jewelry; you take it, no questions asked. They give
21 you the cash, and you're out of there. And, you know,
22 we know what happened to that. They melt it down,
23 because I deal with a gold dealer back home, and it
24 doesn't take long to melt that stuff down, and it's
25 gone. How do you identify that? That's the end of

1 it.

2 But there's very, very good suggestions
3 here to equip law enforcement with the tools that they
4 need, because when you become a victim like you have,
5 then it gets close to home, and you start feeling out
6 there, I can say just about everybody in this room has
7 had a friend or relative or somebody that's been
8 victimized, and you got to say to yourself, enough is
9 enough. We got to put some controls on this to see
10 how we at least keep an eye on what's going on out
11 there.

12 MR. MYERSON: Just one more thing to add
13 that we didn't bring up. What about pawn-like
14 services like Ebay, which is not tracked anywhere
15 except by happenstance?

16 REP. SHAPIRO: Isn't there an electronic
17 trail or footprint if you purchase something on Ebay,
18 and knowing who sold it and who purchased it?

19 MR. MYERSON: That's true, but while law
20 enforcement is tracking who buys --

21 REP. SHAPIRO: Are you suggesting that law
22 enforcement should be tracking that -- Mr. Chairman,
23 I'm assuming it's okay to ask.

24 CHAIRMAN CALTAGIRONE: Yes, go ahead.

25 REP. SHAPIRO: Should law enforcement be

1 following that on the front end or on the back end
2 once an incident has been reported? My sense is on
3 the back end, it's relatively easy. You've got an
4 electronic trail of what was purchased by whom and
5 what was sold as a footprint. Are you saying we
6 should have law enforcement doing it on the front end
7 before the sale even occurs?

8 I'm not challenging your search; I'm just
9 trying to understand. I'm saying that once it's put
10 on Ebay by the seller, there's a footprint. That
11 should be tracked.

12 REP. LOWERY BROWN: It is. If you file
13 complaints and state that someone sold your item on
14 Ebay, then the Feds automatically can trace that and
15 go right to that person. And then that person is
16 kicked out of the system.

17 They can no longer sell anything.

18 MR. MYERSON: That's true, but, you know,
19 there's thousands of people on Ebay, thousands. Just
20 by happenstance that the person -- that the victim is
21 going to go on to Ebay and see his item.

22 CHAIRMAN CALTAGIRONE: It's funny you
23 should be mentioning this. It's just, just good to
24 know. My girlfriend has been putting stuff on
25 Craigslist, you know, stuff like a beer meister, a

1 college dorm refrigerator, things like that. And boy,
2 did she sell them, I mean, like, real quick. And that
3 never dawned on me because, you know, I guess you have
4 a fingerprint there.

5 REP. LOWERY BROWN: And I'd like to add
6 something before you comment. It is similar to what
7 we're asking, is that you take a picture; they have
8 your ID; they know who you are. So actually, it kind
9 of answers -- you know, kind of helps us put that
10 argument as to what we're asking Congress to do,
11 because they'd be willing to say that Ebay and other
12 electronic forms of media are used to buy and sell
13 goods because they are doing that.

14 There is a photograph, there is information
15 about the ID of the person.

16 MR. MYERSON: Who is reviewing the
17 merchandise from there, whether it's good or not?

18 REP. COSTA: May I make a recommendation,
19 please? Rather than put more on law enforcement,
20 because it would be literally impossible for officers
21 to sit there and look at each one, maybe we should --
22 when there is something, a report made, we make a
23 recommendation to the victim to check Ebay sites and
24 stuff like that, then report that to law enforcement
25 if they see their things. This way, it puts it back

1 on the victim to get more involved in the action and
2 less victimized, as we may say, and less burdensome on
3 the law enforcement. So it would be much easier if
4 law enforcement would just say -- Sergeant, please,
5 tune in.

6 SERGEANT TICE: I'm sorry to interrupt you.
7 I have a bunch of answers to a bunch of different
8 questions, and I really wasn't supposed to testify.
9 I'm only here on behalf of William McHale.

10 Regarding the immediate issue, let me just
11 summarize quick and get back to you. Every single
12 issue though is all written down here. I'll just go
13 in order.

14 Regarding 2517, the immediate issues, as
15 was approached by the senior counsel here from the
16 Philadelphia Police Department, State Police does
17 endorse the same thing. Major William McHale
18 requested somebody could go through, review the law.
19 I sent a two-page draft up through Major William
20 McHale, so if you could please seek out our
21 legislative liaison, they're all the same issues which
22 are immediately associated with everybody here that is
23 in line with the secondhand law there is in
24 Pennsylvania, secondhand store law which is what we're
25 referring to.

1 I've been working on this issue since 2003,
2 when I sent the suggestions to revamp the pawnshop
3 secondhand and precious metal law through Major, then
4 Captain McHale. Since then, I've been researching on
5 my own every state and everything else with a lot of
6 assistance from State Rep. Mauree Gingrich's office.

7 State Rep. Mauree Gingrich had an aid,
8 Matthew Cantner, who he and I actually drafted perfect
9 vocabulary which what we call the super law from
10 everything from all the different states, Hawaii,
11 including bits from Canada, Hawaii, Florida, Texas,
12 everywhere, so there is a current draft that died.

13 CHAIRMAN CALTAGIRONE: Do you know where
14 that's at?

15 SERGEANT TICE: I have a copy of it.

16 CHAIRMAN CALTAGIRONE: Could you share that
17 with us?

18 SERGEANT TICE: Certainly will. Everything
19 I have is available to this Committee, everything that
20 I have. Anything to get this moving. I would love to
21 see that.

22 CHAIRMAN CALTAGIRONE: That saves us a lot
23 of research, by the way, because I was thinking as
24 they were talking about this with other states, and if
25 you've done it, that saves us a lot of work.

1 SERGEANT TICE: The current secondhand law
2 only applies to cities of the second class, the way
3 it's worded, it only applies. That was drafted in
4 1921 or 1929, and it only applies to cities as a
5 second class.

6 CHAIRMAN CALTAGIRONE: Pittsburgh.

7 REP. SHAPIRO: 1921 was a long time ago.

8 SERGEANT TICE: Detective Rebecca Sear from
9 Allegheny County was working to retool everything
10 regarding Pittsburgh, and all she could ever get
11 through existence was ordinances through Pittsburgh
12 and Allegheny County, because she couldn't get any
13 assistance through the Department of Banking or
14 anybody else. Because it was a secondhand law, they
15 weren't governing it; they were only governing the
16 pawnshop, and they had their handful with the pawn
17 shops. So there is current legislation to that.

18 There's also a current Precious Metals Act
19 that was drafted, and that was also 1931, I believe,
20 the Precious Metals Act. We've been trying to work
21 that forever. However, the District Attorney -- since
22 it is such an antiquated law, district attorneys don't
23 want to touch it because no one is familiar with the
24 Precious Metals law.

25 CHAIRMAN CALTAGIRONE: Are you in agreement

1 then with what's been proposed here on the precious
2 metals as an update to that law, for new legislation?

3 SERGEANT TICE: Yes, sir. However,
4 shouldering one major load and incorporating all three
5 laws into one, or revamping each individual law is
6 going to have to be up to the Committee and the
7 legislation to determine, because there are three
8 current laws that everybody is operating under.
9 They're old.

10 CHAIRMAN CALTAGIRONE: And as all of you
11 know, you deal with cases; you know the different
12 statutes. Some of them you could meld together; some
13 of them you can't. So someone would have to be
14 stand-alone because of the way -- we may have to have
15 two or three different pieces.

16 REP. WATERS: They need to be stand-alone.

17 REP. SHAPIRO: Do you support, in general,
18 the recommendation that Chief Livingood made?

19 SERGEANT TICE: Wholly, support wholly,
20 yes.

21 REP. SHAPIRO: And at some point, we'll be
22 able to get a letter from the appropriate folks in the
23 Philly Police Department supporting that, I'm
24 assuming? You're PSP. I apologize.

25 CHAIRMAN CALTAGIRONE: There is Philly here

1 though.

2 LIEUTENANT HEALY: From the Philadelphia
3 Police Department's perspective, we've already gone
4 through this pretty much battle with City Council. We
5 have enacted -- now, we haven't figured out how
6 they're going to process and pay for the connection of
7 services, but we have legally approved the statute
8 that basically makes that connection.

9 Pawnbrokers and precious metal dealers are
10 required to report, photograph, all kinds of different
11 requirements so everything goes into a central
12 database. So as Captain Ditchkofsky, when he gets a
13 report of a burglary, he can just run that property
14 information and it will pop up. They have to download
15 the information on a daily basis.

16 Like I said, the law has passed. The
17 actual nuts and bolts of how to implement hasn't been
18 ironed out yet, but the law has passed through City
19 Council, so we would support that collaborative effort
20 on a statewide basis, because actually, once that was
21 accomplished, it would basically supersede
22 Philadelphia ordinance and any Pennsylvania law that
23 basically governs the same subject matter and is
24 preemptive -- I can't think of the right word --
25 basically overrules Philadelphia. So that would make

1 everything consistent between Philadelphia, Abington,
2 and we wouldn't have to worry about different systems
3 matching and stuff like that. We'd all be on one
4 system. That would probably be the best scenario for
5 tracking this information.

6 But the one recommendation, the Ebay, is a
7 very big wide open issue. But from a legal
8 perspective, I wouldn't want to mix apples and
9 oranges, because that may screw up -- quite frankly,
10 you're talking Interstate Commerce --

11 CHAIRMAN CALTAGIRONE: Reading my mind,
12 FCC.

13 LIEUTENANT HEALY: -- may be in partnership
14 with the federal partners, come up with matching
15 federal legislation. If you try merging those, it
16 would basically undermine a lot of their work.

17 CHAIRMAN CALTAGIRONE: You're absolutely
18 reading my mind. FCC, AFDC and the Feds preempt all
19 of us, and they're going to say, wow, this would be
20 declared unconstitutional. You're bridging our rights
21 as a Federal Government. And even though I agree, I
22 think --

23 LIEUTENANT HEALY: It's something that
24 actually needs to be addressed, and I think you can
25 work in your federal partners to make -- you know,

1 corresponding or similar acts on the federal level,
2 which absolutely need it, but I wouldn't want to see a
3 lot of hard work undermined or confused by having the
4 sergeant do all this great work, and you throw an Ebay
5 claim clause and you get undermined with an Interstate
6 Commerce act, claim or a violation of Interstate
7 Commerce.

8 CHAIRMAN CALTAGIRONE: You may be helpful,
9 from a law enforcement perspective, if we could get
10 letters of support that we could share with the
11 members of the Committee, both Philadelphia, the
12 surrounding municipalities, however we could build up
13 the support, even from the pawnbrokers organization,
14 indicating that you're in favor of this. And when
15 they see the kind of support that we have on this
16 legislation, even with the amendment or another piece
17 that would have to be added to it as a separate
18 stand-alone, I think that would really help us get the
19 legislation moving a lot quicker.

20 REP. SHAPIRO: I would agree with that, and
21 certainly be very happy to follow Vanessa's leadership
22 on this in amending your bill, presuming you're okay
23 with that. But having Philly, having PSP, having our
24 suburban forces onboard, that's going to help us move
25 this thing as quickly as possible.

1 We're also going to do everything we can to
2 try and speed along the process, so that at the end of
3 our legislative session, we'll see what can be done
4 from a regulatory standpoint in the Ren dell
5 Administration before that's over, if there is
6 anything we can do from a regulatory standpoint,
7 although it probably is going to require legislative
8 business to make that happen.

9 SERGEANT TICE: To answer Rep. Brown and
10 questions you had asked, the number of pawn shops in
11 Philadelphia, Captain Ditchkofsky will have the
12 current figures; however, I can tell you for 2005,
13 which is the reason why Department of Banking made the
14 Philadelphia Police Department liaison, there were 53
15 licensed pawn shops in the Commonwealth of
16 Pennsylvania, 34 of which resided within Philadelphia.

17 CHAIRMAN CALTAGIRONE: Wow.

18 CAPTAIN DITCHKOFSKY: We're down to 31 now,
19 and there's an expired license out there, but I'm sure
20 --

21 REP. LOWERY BROWN: On Lancaster Avenue,
22 two minutes from here, I know in just one strip of
23 about three blocks, there's about three or four; is
24 that right? Some of my folks in the neighborhood?

25 VOICE IN THE AUDIENCE: Three.

1 REP. LOWERY BROWN: And in one short strip
2 alone, you can ride right down the street and ride
3 right by them.

4 CHAIRMAN CALTAGIRONE: Are they all called
5 pawn shops? Not all of them are licensed; right?

6 MR. MYERSON: Two of them I know of are.
7 Two are pawn shops that I'm aware of. Two are pawn
8 shops. One is Friendly Money Loan, which has been in
9 business since the 1940s, and Eagle Money Loan, which
10 has been in business probably around the same time.
11 And by the way, there used to be more, many more.

12 CHAIRMAN CALTAGIRONE: What's the other
13 one?

14 MR. MYERSON: I'm not --

15 CAPTAIN DITCHKOFKY: I think it's just a
16 check cashing agency.

17 MR. MYERSON: It's not a pawnshop.

18 CHAIRMAN CALTAGIRONE: But do they take
19 gold and silver?

20 MR. MYERSON: I don't know.

21 CAPTAIN DITCHKOFKY: I just rode by a
22 store on the way into Center City the other day, auto
23 part store, a licensed to sell auto parts in the City
24 of Philadelphia. He's got a big sign on the window
25 that says, "We Buy Gold" and that just went up in the

1 last week or so.

2 CHAIRMAN CALTAGIRONE: You know, as far as
3 the City is concerned, and I'm not sure how it works
4 in all the other municipalities, are they supposed to
5 register first as a business, of course, and then does
6 licensing give them special --

7 LIEUTENANT HEALY: Every business in
8 Philadelphia has to have a Business Privilege License
9 to operate; however, you could have one Business
10 Privilege License and have a hundred different types
11 of businesses on it. And that's a lot of problems
12 that the captain encounters. One person will have a
13 Business Privilege License for an auto body shop and
14 it doesn't preclude him from opening up a precious
15 metals dealership, as long as he abides by the rules
16 and regulations. I can open up a hair styling salon,
17 open up an auto body shop, open up a delicatessen
18 under the same Business Privilege License in
19 Philadelphia.

20 MR. MYERSON: That's not exactly correct.
21 They have to have a precious metals license.

22 LIEUTENANT HEALY: I said in addition to
23 all the other requirements.

24 CHAIRMAN CALTAGIRONE: And do they get that
25 from the City, precious metals?

1 LIEUTENANT HEALY: Yes. One caution I
2 would say, the access of the data. In theory, this is
3 very simple. Okay, data comes from the pawnbrokers to
4 the central server and law enforcement access it.
5 That's the MAGLOCLEN. The use of that server is
6 relatively free; that's not a problem.

7 But what we're experiencing in
8 Philadelphia, getting the data manipulated --
9 MAGLOCLEN can accept it, for lack of a better word --
10 I'm not a tech geek, but it does cost money, and it
11 is -- it's not free.

12 So getting the information from the
13 pawnbrokers into the system that we can manage
14 effectively, there is a cost associated with it, and
15 what that cost may be, you can have internal tech
16 people do it, or you can have external. We're looking
17 to have an external person or an organization
18 manipulate that data and put it in the proper format
19 that it could be fed into the MAGLOCLEN and used
20 effectively.

21 That's just something, when you pass
22 legislation, be cognizant of. A lot of the smaller
23 jurisdictions around the state don't get side-slammed
24 by it. All the sudden, the additional costs that they
25 now have to incur because legislation has been passed.

1 If legislation is passed, one
2 recommendation would be to allow grants of some sort
3 through Pennsylvania Crimes or the Commission on
4 Crimes and Delinquency, and the mechanism to be able
5 to allow smaller jurisdictions to have the funds
6 available.

7 CHAIRMAN CALTAGIRONE: Well, I happen to
8 serve on that as a board member.

9 LIEUTENANT HEALY: Just a recommendation.
10 A lot of time, they get passed and don't realize there
11 are costs associated with manipulating the data so
12 MAGLOCLEN can read it properly. You could have an
13 overly burdensome, small, two-bedroom apartment, and
14 now they have to spend \$400,000 of their budget just
15 so they can get the right data, and they only have one
16 pawnbroker in their area.

17 So just be cognizant of the fact that there
18 is a cost, and it should be factored into the
19 legislation.

20 CHAIRMAN CALTAGIRONE: Good point. Good
21 point.

22 SERGEANT TICE: Sorry. Going back
23 regarding Ebay, that currently or it was being looked
24 at. Rod Corey, the senior counsel for the House of
25 Representatives -- you all are familiar with him, I'm

1 sure -- he was looking into -- we had a meeting in
2 2006 on the Internet reseller licensing and reporting.
3 Sorry, that was December of 2007. So Rod Corey was
4 looking at language regarding that already.

5 There was quite a battle embroiled at that
6 time regarding Ebay and the International -- the
7 transactions with that. The State of California was
8 basically being sued by the Pawnbrokers Association
9 regarding their inactiveness. They then started to
10 look into it, and I'm not sure what the outcome of
11 that was. Again, everything sort of died, and I left
12 and moved on with other things. But that was being
13 battled regarding everything.

14 In California, and I'm not sure of any in
15 Pennsylvania yet, but in California, they had Internet
16 drop-off sites, Ebay drop-off sites, where you take --
17 the same thing as a pawnshop. You take your items to
18 them and promise to pay them a certain amount on the
19 final sell, and they package it; they present it; they
20 do everything. And they were basically listing them
21 as a pawnshop.

22 It's the same thing. There's no
23 requirement to show ownership of this at all. No
24 certificates, no declarations of ownership, nothing
25 that actually lists that person to say yes, that is my

1 item, which there's another item to be included for
2 that.

3 CHAIRMAN CALTAGIRONE: What's your
4 recommendation?

5 SERGEANT TICE: What is my recommendation?

6 CHAIRMAN CALTAGIRONE: As far as what you
7 just explained about Ebay? I mean --

8 SERGEANT TICE: You have to look --

9 CHAIRMAN CALTAGIRONE: How do we deal with
10 that?

11 SERGEANT TICE: You have to look into the
12 Federal Statutes. I mean, we can only --

13 CHAIRMAN CALTAGIRONE: True.

14 SERGEANT TICE: -- we can only incorporate
15 what happens in Pennsylvania, but you could follow
16 what other states have done, or assist any type of a
17 Federal standard that was labeled given to them.

18 REP. LOWERY BROWN: I see the opportunity
19 for those drop-off sites to be listed as pawnbrokers.

20 LIEUTENANT HEALY: Right.

21 REP. LOWERY BROWN: And you wouldn't agree
22 that they should get a license?

23 LIEUTENANT HEALY: No, because that's not
24 the definition of a pawnbroker. The pawnbroker lends
25 money or merchandise. That's not the case with Ebay.

1 REP. LOWERY BROWN: Okay. Would you like
2 to see them included in the Bill?

3 MR. MYERSON: Absolutely. Absolutely.

4 SERGEANT TICE: Secondhand.

5 LIEUTENANT HEALY: However, I think just
6 like you said, the problem they're having in
7 California is you have to have jurisdiction over the
8 business or the person that you actually legislate
9 them. The drop-off sites in Pennsylvania would be
10 your first step to have jurisdiction.

11 So your jurisdiction would be legislating
12 Interstate Commerce. It's interstating the conduct of
13 the person operating that business in Pennsylvania.
14 There I think is how you can break a bright line
15 distinction between Interstate Commerce and the
16 Pennsylvania authorities they do have in making the
17 law.

18 So your law would not be governed by the
19 Commerce per se, but the behavior of the actor in
20 Pennsylvania, which you have full legitimate authority
21 to do.

22 So I think that's the way of getting out of
23 complicating the issue, because Interstate Commerce
24 stuff, you're really going to get -- that's what
25 California is doing. I mean, it's incredible. That's

1 a federal jurisdiction, and when they start bleeding
2 together is when everything dies, and that's what
3 happened.

4 But if you make it very specific, you're
5 not legislating the transaction, you're legislating
6 the conduct of that licensee. I mean, make it a
7 different type class of a licensee or a different type
8 of business and incorporate it. Pawnbroker and
9 Internet trade located within a nexus to Pennsylvania.

10 But it's like the same nexus you have for
11 sales tax. If you have Internet businesses, you don't
12 pay Pennsylvania sales tax, unless they have some type
13 of nexus, a footprint somewhere in Pennsylvania. That
14 same concept could be applied.

15 REP. SHAPIRO: And that's a great idea,
16 because what you could do is tie it to the Department
17 of Revenue standards so you're working with current
18 standards, and whoever's revenue is determining to be
19 a Pennsylvania domiciled business, whether doing
20 bricks and mortar, whether they're doing it virtual.
21 If revenues -- if it's already met revenue standards,
22 then we should be able to roll it into this.

23 LIEUTENANT HEALY: If you can get nexus on
24 an individual business, then you have jurisdiction
25 over it, so that gives you the authority to regulate

1 that business. Now, whether or not you create a
2 separate -- identify it as a separate business or you
3 merge it into an existing statute, that would be your
4 decision, you know. But I think you could get your
5 hands on them through the nexus, much like the sales
6 tax. That would be one mechanism.

7 REP. LOWERY BROWN: I'd like to -- I don't
8 know, are there any more questions?

9 CHAIRMAN CALTAGIRONE: No, I was just
10 curious. You know, I mean, we were talking earlier
11 before the hearing started about all the technological
12 changes that have made some of us outdated and others
13 on the cutting edge of technology.

14 I was just curious with Ebay, and what you
15 were indicating with the number of things that are
16 directly sold there, would it be passe with
17 pawnbrokers to survive 10, 20 years, now that they're
18 doing more -- and I would assume that that Ebay stuff,
19 Craig's List and all this other stuff, it's just
20 booming.

21 REP. LOWERY BROWN: I can tell you, there's
22 always going to be a need for the pawnbroker,
23 especially in the lower economic communities where
24 there is not good access to Internet. You know, there
25 are folks that just don't participate in that. And in

1 this community, I can't see that changing any time
2 soon.

3 REP. WATERS: They need it right away.
4 They can't wait.

5 CHAIRMAN CALTAGIRONE: But that situation
6 is mushrooming, isn't it?

7 SERGEANT TICE: Somewhat of a digital
8 signature with Ebay, as well, can be traced back
9 somehow; how you get your payment sent to you, you
10 leave a fingerprint or a thumbprint, so to speak.
11 There's a lot of anonymity in not so much with pawn
12 shops, because a lot of them do take -- a lot of them
13 do take identification and such so that they can
14 identify.

15 However, secondhand stores and anything
16 else, there is complete and utter anonymity. No
17 requirements whatsoever. You can walk in with your
18 neighbor's stereo system, sell it, and walk out the
19 door with cash without anything.

20 REP. LOWERY BROWN: And the one we're not
21 talking about is Craig's List. Craig's List is like a
22 meet-up place. Meet me at the corner and I'll sell
23 you a new sofa. So we need to make sure we look at
24 Craigslist, because there's no footprint on a lot of
25 that.

1 I just want to thank my interns for being
2 here. This has been a great experience, and thank
3 you, Mr. Chairman, for hosting this in this district,
4 because I can't pack up everybody and take them with
5 me.

6 CHAIRMAN CALTAGIRONE: I want her on the
7 Committee, Pop. Next year, I told her to get on
8 Judiciary with me, because she's been --

9 REP. LOWERY BROWN: I'd love to.

10 CHAIRMAN CALTAGIRONE: -- a very, very good
11 ally on these various issues.

12 REP. SHAPIRO: We could hold them here.

13 CHAIRMAN CALTAGIRONE: I love this
14 facility. 100 percent graduation and gone on to
15 college. I was very, very impressed, very impressed.

16 But if you could share that information
17 with us, what I'd like to do for all of you, I guess
18 we have all of your addresses -- if you have cards,
19 give them to the Committee secretary, Wendell -- and
20 once we have that drafted, I'd like to send it around
21 to all of you for your comments to see if there's
22 anything else -- like I said, in drafting this with
23 the attorneys in Harrisburg, some of us might have to
24 go into another statute which would require another
25 bill. But be that as it may, we'd get directed by the

1 Committee. We'll try to get this ready for them when
2 we get back into session and start moving.

3 REP. SHAPIRO: Mr. Chairman, we've been
4 working with Jewell Williams, Chairman Williams.

5 CHAIRMAN CALTAGIRONE: Yes.

6 REP. SHAPIRO: -- on a draft that could be
7 done as an amendment to Vanessa's Bill, a stand-alone,
8 depending upon what your counsel says makes sense.
9 Certainly, I'm happy to work through Vanessa and
10 follow her leadership, but that initial draft has been
11 completed and is being circulated back with Chief
12 Livingood and others. So we should be ready to rock
13 and roll come September when we get back in session --

14 CHAIRMAN CALTAGIRONE: Okay.

15 REP. SHAPIRO: -- to get this moving as you
16 see fit.

17 CHAIRMAN CALTAGIRONE: Absolutely. I'd
18 like to get this on the agenda and see if we can't get
19 the Bill moved on by a senator for the week, hopefully
20 get it on the calendar and get it over to the senate.

21 REP. SHAPIRO: That would be a great step.

22 REP. LOWERY BROWN: Thank you. Thank you
23 very much.

24 (Whereupon, the hearing concluded at 11:15
25 a.m.)

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I, ROSE A. TAMBURRI, Registered Professional Reporter, certify that the foregoing is a true and accurate transcript of the proceedings which were held at the time, place and on the date herein before set forth.

I further certify that I am neither attorney nor counsel for, not related to or employed by any of the parties to the action in which these proceedings were taken; further, that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in this action.

ROSE A. TAMBURRI,

Registered Professional Reporter