



MINISTERIAL STATEMENT

By

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Deputy Premier & Minister of National Security

REGULATING THE "CASH FOR GOLD" TRADE

10th March 2014

Mr. Speaker, I am pleased to signal an important policy consideration under review by the Ministry of National Security.

Mr. Speaker, Honourable Members will be aware of the recent growth in the trade of "cash for gold" in Bermuda. Presently, Gold Standard Bermuda is the main operation in this area with other, small jewelers similarly engaged in a trade of cash for gold. Driven by economic

circumstances numerous individuals have taken to trading their unwanted gold for cash at these outlets. Save for an unwritten "understanding" between Gold Standard Bermuda and the Bermuda Police Service (BPS), the trade is not specifically regulated.

Honourable Members will also recall a recent publicized criminal case in which a defendant had stolen jewellery from his family, traded it for cash and managed to do so in an incredibly short period of time to the prejudice of his victim to whom the gold was not unwanted but highly valued.

Mr. Speaker, Gold Standard Bermuda and the BPS considered this occurrence to be a "one-off" on the basis that the deposit of the gold by the defendant coincided with a weekend and the gold was incorporated into a prepared shipment destined for melting and that the normal waiting time for such a process was not applied. However, this case demonstrates to some, the argument for the introduction of regulation of this trade.

Mr. Speaker, presently Gold Standard applies the following standards to the trade of cash for gold:

(i) picture ID is required to make the sale of gold for cash, whilst some additional contact information "may also be required" for the company's records;

(ii) cooperation with the Police is indicated and the company advises that it will only purchase gold from "authorized sources", which is not defined;

(iii) a five (5)-step process is outlined for the trade of cash for gold with Step 5 indicating "If you accept your offer, you can be on your way with cash in hand in minutes ... " which would appear to be contrary to the "understanding" with the BPS for a suitable waiting period before finalizing any trade.

Mr. Speaker, other jurisdictions have wrestled with the growing. "cash for gold" trade and in some cases have

sought to regulate the activity. In 2013 which Barbados was forced to confront the challenge posed to their tourism industry by the theft of gold jewellery which targeted their visitors.

Mr. Speaker, among the remedies proposed by the Barbados Legislature is the requirement for legitimate dealers to pay for gold received by cheque and to have records kept of the sellers' passport or national identification. Reflecting on the passage of the legislation the Barbados Attorney General said: *"we want to take the cash out of cash for gold. It should serve as an additional deterrent to those individuals who are now involved in this illegal trade. "*

Elsewhere, Mr. Speaker, in a June 2012 Report, the Irish Department of Justice and Equality considered the cash for gold trade and recommended the suspicious transaction reporting regime applicable under their money laundering legislation be extended to cash for gold outlets. Additionally, the Report observed that controls could relate

to the identification of the seller, information on the source of the valuable and its identification, a requirement to retain the item at the outlet, a requirement to record the transaction and to provide access to items and records as required by law enforcement.

In the United Kingdom, police forces across the country have called for the regulation of the cash for gold trade, specifically that transactions are recorded and the identification of the seller be registered. This call was most recently made in response to a spate of burglaries in 2012 motivated by a seasonal increase in Asian families displaying their gold jewellery in connection with some cultural festivals and a traditional spring spike in marriages for which dowries are paid. Some gangs have been active in the Thames Valley area and the Midlands and have targeted this greater availability of gold.

Mr. Speaker, we have consulted with the Bermuda Police Service and the emerging consensus is for a "light touch" manner of regulation for the cash for gold trade.

Legislation might most usefully focus on licensing these kinds of businesses, ensuring the proper recording of a seller's details, including the use of a photo log of the items deposited for trade and a mandated waiting period before the actual disposal of the gold. There is also some merit in the Barbados approach of requiring payment by cheque for traded gold as opposed to instant cash.

Mr. Speaker, the Ministry will consult with those engaged in this trade presently and I expect that in the next session we will see some form of legislation in this area. This is an instance where the introduction of some form of regulation will provide a safety net for consumers, assist in any enforcement action taken by the Police and enhance the reputation of the entrepreneurs who strive to run honest businesses in this community.

Thank you, Mr. Speaker.