

## Chapter 344. - Pawn Shops<sup>[17]</sup>

### Sec. 344.00.1. - Definitions.

Automated pawn system- A computerized data collection system which mandates the collection of data and digitized images via modem for the purpose of regulation and review of licensed pawn dealers by city license inspectors, law enforcement officials, and authorized subscribers.

Pawnbroker- Any natural person, partnership or corporation, either as a principal, or agent or employee thereof, who loans money on deposit or pledge of personal property, or other valuable thing, or who deals in the purchasing of personal property or other valuable thing on condition of selling the same back again at a stipulated price, or who loans money secured by chattel mortgage on personal property, taking possession of the property or any part thereof so mortgaged.

Reportable transaction- Every transaction conducted by a pawnbroker in which merchandise is received through a pawn, purchase, consignment or trade, or in which a pawn is renewed, extended or redeemed, is reportable except:

- (1) The bulk purchase or consignment of new or used merchandise from a merchant, manufacturer or wholesaler having an established place of business, and the retail sale of such merchandise, provided the pawnbroker must maintain a record of such purchase or consignment which describes each item, and must mark each item in a manner that relates it to that transaction record.
- (2) Retail and wholesale sales of merchandise originally received by pawn or purchase, and for which all applicable hold and/or redemption periods have expired.

Billable transaction- Every reportable transaction conducted by a pawnbroker except renewals, redemptions or extensions of existing pawns on items previously reported and continuously in the licensee's possession is a billable transaction.

(C.F. No. 96-585, § 1, 7-10-96)

### Sec. 344.01. - License required.

No person shall exercise, carry on or be engaged in the trade or business of pawnbroker in Saint Paul without a license. No pawnbroker license may be transferred from location to location or from person to person.

(Code 1956, § 366.01; Ord. No. 17929, § 1, 6-9-92; C.F. No. 96-585, § 2, 7-10-96)

### Sec. 344.02. - Fees.

- (a) The fee required for a license defined under this chapter shall be established by ordinance as provided in section 310.09(b) of the Legislative Code.
- (b) The billable transaction fee shall reflect the cost of processing transactions as determined by the director of the department of safety and inspections (hereafter, in this chapter, "director") and the chief of police (hereafter, in this chapter, "chief") or their designees. These fees shall be established by ordinance as provided in section 310.09(b) of the Legislative Code. The billable transaction fee shall be required of all licensees as defined under this chapter except:
  - (1) If a licensee is unable to successfully transfer the required reports via modem, the licensee must provide the police department printed copies of all reportable transactions along with the videotape(s) for that date, by twelve o'clock noon (12:00) the next business day, and must be charged for billable transactions at a rate to be determined by the automated pawn system (hereafter, in this chapter, "APS") for manual processing.

- (2) If the problem is determined to be in the licensee's system and is not corrected by the close of the first business day following the failure, the licensee must provide the required reports as detailed in section 344.04(a), and may do so for up to ten (10) consecutive days without penalty. However, after the tenth day, if the licensee still cannot report via modem, the licensee may, at the discretion of the director and the chief, be fined one hundred dollars (\$100.00) per day not to exceed twenty (20) days. If the licensee cannot report via modem after thirty (30) days from the first date of failure, the license may be revoked.
  - (3) If the problem is determined to be outside the licensee's system, the licensee must provide the required reports as detailed in section 344.04(a), and will be charged for billable transactions until the error is corrected. If the regulatory agency is unable to collect the required data via modem, no additional charges will be assessed against the pawnbroker.
  - (4) The licensee who has consistently reported via modem, and is unable to capture, digitize, or transmit the photographs as required under section 344.04(c), must immediately take all required photographs with a still camera, immediately develop the pictures, cross reference the photographs to the correct transaction, and deliver them to the police department by twelve o'clock noon (12:00) on the next business day. Such failures shall follow the same time lines and presume the same penalties as identified in section 344.02(b)(2).
  - (5) The director, in conjunction with the chief, upon presentation of extenuating circumstances, may extend the grace period for a qualifying licensee beyond ten (10) days or may extend the penalty beyond twenty (20) days, notwithstanding other provisions as outlined in section 344.02.
- (c) Licensees shall be notified in writing at least thirty (30) days before any fee adjustment is implemented. Billable transaction fees shall be billed monthly and are due and payable within thirty (30) days. Failure to do so is a violation of this chapter and may result in the following actions:
- (1) Fees due past thirty (30) days may result in up to a two-hundred-fifty-dollar fine.
  - (2) Fees due past sixty (60) days may result in up to a five-hundred-dollar fine.
  - (3) Fees due past ninety (90) days may result in a license suspension.
  - (4) Fees due past one hundred twenty (120) days may result in a license revocation.
  - (5) Any and all adverse actions taken against licensees and their licenses as defined in this chapter shall be ordered by the city council and implemented by the department of safety and inspections. All judgments made by the city council shall be final.
- (d) Any applicant for a new license under this chapter shall be required to deposit a fee established by ordinance as specified in section 310.09(b) of the Legislative Code to the department of safety and inspections at the time of original application. Such deposit shall be used to cover the cost of application verification and any additional expense associated with investigations performed to assure compliance with this chapter. If, however, the costs of investigations exceed the original deposit, the department of safety and inspections may recover the actual investigation costs not to exceed ten thousand dollars (\$10,000.00).

(Code 1956, § 366.02; C.F. No. 96-585, § 3, 7-10-96; C.F. No. 99-508, § 1, 7-7-99; C.F. No. 07-149, § 92, 3-28-07; Ord. No. 12-18, § 1, 4-11-12)

#### Sec. 344.03. - License requirements.

- (a) Application; investigation, etc. Any person desiring a pawnbroker license shall file with the license inspector an application containing such information as the license inspector shall require. The application shall be made under oath and furnishing false information therein shall be a violation of this chapter in addition to any other laws or ordinances. Before such person shall be licensed to conduct such business in the city, a copy of the application for such license shall be delivered to the chief. The chief or an officer duly detailed by the chief for such purpose shall investigate the applicant

and report the result of such investigation to the inspector together with the approval or the disapproval of such application by the chief; provided, however, that no person shall be licensed under the terms hereof who, at any time prior to the issuance of such license, has been duly convicted in any court of competent jurisdiction of having violated any law relating to theft, burglary, receiving stolen property, sale of controlled substance, or of any infraction of the terms and provisions of this chapter or of any of the ordinances of the City of Saint Paul regulating the business of pawnbroking; further provided, that in denying any license based upon such conviction, the inspector shall follow the procedures in these chapters and in Laws of Minnesota for 1974, Chapter 298 (Minnesota Statutes, Chapter 364). The term "convicted" shall include a plea of guilty even though no judgment of conviction is or has been entered or imposition of sentence has been stayed.

- (b) Bond. Before any person shall be licensed as a pawnbroker, such applicant shall file a bond in the amount of five thousand dollars (\$5,000.00) with a duly licensed surety company as surety thereon, such surety bond to be approved as to form by the city attorney, conditioned that such licensee shall observe the ordinances of said city in relation to the business of pawnbroker and that such licensee will conduct said business in conformity therewith and will account for and deliver to any person legally entitled thereto any goods, wares or merchandise, article or thing which may have come into the possession of such licensee as pawnbroker or in lieu thereof such licensee shall pay in money to such person or persons the reasonable value thereof.

(Code 1956, §§ 366.03, 366.05; Ord. No. 17929, § 3, 4-9-92; C.F. No. 96-585, § 4, 7-10-96)

#### Sec. 344.04. - Regulations.

- (a) Records required. At the time of any reportable transaction other than renewals, extensions, or redemptions, every licensee must immediately record the following in a computerized record approved by the police department or the licensing inspector, or if the computer is temporarily unavailable in a book or journal which has page numbers that are preprinted and in an indelible ink, record the following information:
  - (1) A complete and accurate description of each item as well as all of the following, if applicable: any trademark, identification number, serial number, model number, brand name, or any other unique identifying mark;
  - (2) The date, time, and place the item of property was received by the licensee, and the unique transaction number that distinguishes it from all other transactions;
  - (3) The full name, date of birth, residence address, and phone number of the person from whom the item was received;
  - (4) An accurate physical description of the person from whom the item was received, including: sex, height, weight, race, color of eyes, and color of hair. If this information is transcribed from a photo ID there must be a notation that the information recorded actually matched the person from whom the item was received;
  - (5) The identification number and state or country of issuance, as well as a legible photocopy of one of the following forms of identification of the seller:
    - (i) Current valid photo driver's license issued within the United States,
    - (ii) Current valid photo state identification card issued within the United States,
    - (iii) Current valid United States military photo identification card, or
    - (iv) Current valid passport.
  - (6) The amount of money paid, loaned, or pledged therefore;
  - (7) A list of all fees and charges which the transaction may be subject to;

- (8) The last regular day of business by which the item must be redeemed by the pledger without risk that the item will be sold, and the amount necessary to redeem the pawned item on that date;
- (9) The unique identifier of the licensee or employee that conducted the transaction.
- (b) Daily reports to police. At the close of each business day, the licensee must provide the above records to the police department by transferring it from their computer to the automated pawn system (APS) via modem using the current version of the APS interchange file specification. All required records must be transmitted completely and accurately. Any transaction that does not meet the APS interchange file specification must be corrected and resubmitted the next business day. The licensee must inform all patrons, both orally and by displaying a sign of sufficient size in a conspicuous place on the premises, that all transactions are reported to the police department daily.
- (c) Photographic records. The licensee must also take a color video recording or digitally-captured photo image of the following:
  - (1) Each customer involved in a reportable transaction; and,
  - (2) Every item received that does not have a unique serial or identification number permanently engraved or affixed.

If a video photograph is taken, the video camera must zoom in on the person pawning or selling the item so as to include an identifiable close-up of that person's face. Items photographed by video must be accurately depicted. Video photographs must be electronically referenced by time and date so they can be readily matched and correlated with all other records of the transaction to which they relate.

If a digital color photograph is taken it must be of sufficient quality resolution so that persons and items photographed are clearly identifiable. The major portion of the photograph must include an identifiable front facial close-up of the person who pawned or sold the item. Items photographed must be accurately depicted. Further, the photographs must be maintained in such a manner as to be readily matched and correlated with all of the records of the transaction to which it relates.

The licensee must inform the person that they are being photographed and/or videotaped by displaying a sign of sufficient size in a conspicuous place on the premises.

- (d) Retention of records. Data entries must be retained for at least three (3) years from the date of transaction. Photographs, videos, and digitized images must be retained for a minimum of ninety (90) days from the date of transaction.
- (e) Renewals, extensions, and redemptions. For renewals, extensions, and redemptions, the licensee shall provide the original transaction identifier, the date of the current transaction, and the type of transaction.
- (f) Inspection of records and premises. At all times during the terms of the license, the licensee must allow any representative of the department of safety and inspections and/or the police department to enter the premises where the licensed business is located, including all off-site storage facilities as authorized in section 344.04 (p), during normal business hours, except in an emergency, for the purpose of inspecting such premises and inspecting all items and records therein to verify compliance with this chapter and other applicable laws.
- (g) Labeling required. Licensees must attach a label to every item at the time it is pawned, purchased or received in inventory from any reportable transaction. Permanently recorded on this label must be the number or the name that identifies the transaction in the pawnshop's records, the transaction date, the name of the item, the model and serial number as they were reported to the police department, if applicable, and the date the item is out of pawn or can be sold, if applicable. The label must be of a type that can be attached to a variety of surfaces and remains easily removable, but of such construction that it may not be easily removed in one (1) piece. Labels shall not be reused.

- (h) Receipts required. Every licensee must provide a receipt to the party identified in every reportable transaction and must maintain a duplicate of that receipt for three (3) years. The receipt must include at least the following information:
- (1) The name, address, and telephone number of the licensed business.
  - (2) The date and time the item was received by the licensee.
  - (3) Whether the item was pawned or sold, or the nature of the transaction.
  - (4) An accurate description of each item received including, but not limited to, any trademark, identification number, serial number, model number, brand name, or other identifying mark on each item.
  - (5) The signature or unique identifier of the licensee or employee who conducted the transaction.
  - (6) The amount advanced or paid.
  - (7) The monthly and annual interest rates, including all pawn fees and charges.
  - (8) If the item was pawned, the last regular day of business by which the item must be redeemed by the pledger without risk that the item will be sold, and the full amount necessary to redeem the item on that date.
  - (9) The full name, current residence address, current telephone number, and date of birth of the pledger or seller.
  - (10) The identification number and state or country of issuance from any of the following forms of identification of the pledger or seller:
    - (i) Current valid photo driver's license issued within the United States,
    - (ii) Current valid photo state identification card issued within the United States,
    - (iii) Current valid United States photo military identification card, or
    - (iv) Current valid passport.
  - (11) Description of the pledger or seller including sex, race, color of eyes and hair, and approximate weight and height.
  - (12) The statement "The pledger of this item attests that it is not stolen, it has no liens or encumbrances against it, and the pledger has the right to sell or pawn the item."
  - (13) Signature and thumbprint of pledger or seller.
- (i) Report of suspicious items. No licensee shall receive or accept any item of property that contains an altered, obliterated, or obviously removed serial number or unique identifier, or any item that the licensee has reason to believe has been lost or stolen. Further, the licensee shall immediately report to the police department any attempt to sell, trade, or barter such items. If probable cause exists that specific items are stolen or have been used in the commission of a crime and a representative of the police department notifies the licensee of such fact, the licensee shall not sell or permit to be sold, remove or permit to be removed, such items until such time as the licensee is notified by the chief or his or her representative.
- (j) Redemption period. A person pledging, pawning, or depositing an item for security shall have a minimum of ninety (90) days from the date of that transaction or any renewal or extension, to redeem the item before it may be forfeited and sold. Licensees are prohibited from redeeming any item to anyone other than the person to whom the receipt was issued unless:
- (1) Such person has written approval of the chief of police or the chief's designee; or
  - (2) Such person is identified in a written and notarized designation of that person's interest in the property identified in the receipt; or



- (3) In the event of the death of the person to whom the receipt was issued, by a person presenting a receipt with proper identification as required under section 344.04(a), and a certified copy of such person's death certificate.
- (k) Nonredemption. A pledger shall have no obligation to redeem pledged goods or make any payment on a pawn transaction. Pledged goods not redeemed within ninety (90) days of the date of the pawn transaction, renewal, or extension will automatically be forfeited to the pawnbroker, and qualified right, title, and interest in and to the goods shall automatically vest in the pawnbroker.
- (l) Risk of loss. In the event pledged good are lost or damaged while in possession of the pawnbroker, the pawnbroker shall compensate the pledger, in cash or replacement of goods acceptable to the pledger, for the fair market value of the lost or damaged goods. Proof of compensation shall be a defense to any prosecution or civil action.
- (m) Holding periods. Any item purchased or accepted in trade by a licensee must not be sold or otherwise transferred for thirty (30) days from the date of the transaction. Motor vehicles shall be exempt from this requirement.
- (n) Police order to hold/confiscate. Whenever the chief of police, the chief's designee, or a licensed law enforcement official from another jurisdiction notifies a licensee not to sell an item, the item must not be sold or removed from the licensed premises until authorized to be released by the chief, the chief's designee, or the licensed law enforcement official instituting the hold. The order to hold shall expire ninety (90) days from the date it is placed unless the chief, the chief's designee, or a licensed law enforcement official determines that the hold is still necessary and notifies the licensee in writing. If an item is identified as stolen or as evidence in a criminal case, the chief, the chief's designee, or a licensed law enforcement official from another jurisdiction may:
  - (1) Physically confiscate and remove the item from the shop;
  - (2) Place the item on permanent hold and leave it in the shop;
  - (3) Leave the item in the shop and authorize its release to the owner or an authorized person pursuant to the requirements of Minn. Statute 609.523.

When an item is confiscated, the person doing so shall provide identification to the licensee along with the name and phone number of the confiscating agency and investigator, and the case number related to the confiscation. When an order to hold/confiscate is no longer necessary, the chief, the chief's designee, or the licensed law enforcement official initiating the hold shall so notify the licensee.

- (o) Burglar alarm. Licensees shall maintain an electronic burglar alarm system for the licensed premises. Such system must be duly licensed by the city and maintained in working order. Such system must also be centrally monitored and must be backed by a battery power source.
- (p) Business at only one place. A license under this chapter authorizes the licensee to carry on its business only at the permanent place of business designated on the license. However, upon written request, the license inspector may approve an off-site locked and secured storage facility. The licensee shall permit inspection of the facility in accordance with section 344.04(f). All provisions of this chapter regarding recordkeeping and reporting apply to the facility and its contents. Property shall be stored in compliance with all provisions of the City Legislative Code. The licensee must either own the building in which the business is conducted and any approved off-site storage facility, or have a lease on the business premises which extends for more than six (6) months.
- (q) Required signage. A licensee must post adequate signage and separate written notice informing persons seeking to pawn, pledge, sell, consign, leave, or deposit goods with the licensee of the requirements of this chapter. For the purpose of this subsection, "adequate signage" shall, at a minimum, mean at least one (1) sign of not less than four (4) feet square in surface area, comprised of lettering not less than three-quarters ( $\frac{3}{4}$ ) of an inch in height, posted in a conspicuous place on the licensed premises and stating the following:

TO PAWN OR SELL PROPERTY:

YOU MUST BE AT LEAST 18 YEARS OF AGE  
YOU MUST BE THE TRUE OWNER OF THE PROPERTY  
THE PROPERTY MUST BE FREE OF ALL CLAIMS AND LIENS  
YOU MUST PRESENT VALID PHOTO IDENTIFICATION  
VIOLATION OF ANY OF THESE REQUIREMENTS IS A CRIME  
ALL TRANSACTIONS ARE RECORDED BY VIDEO  
ALL TRANSACTIONS ARE REPORTED TO POLICE DAILY

For the purpose of this subsection, "separate written notice" shall be deemed to mean either the receipt, as required in section 344.04(h), or a printed form, incorporating a statement to the effect that the person pawning, pledging, selling, consigning, leaving, or depositing the article is at least 18 years of age; is the true owner of the article; and that the article is free of all claims and liens. The separate written notice must be signed by the person seeking to pawn, pledge, sell, consign, leave, or deposit the article with the licensee and the notice must be kept in the files of the licensee along with the other records of the transaction.

(Code 1956, §§ 366.07—366.15; Ord. No. 17929, § 4, 6-9-92; C.F. No. 96-585, § 5, 7-10-96; C.F. No. 07-149, § 93, 3-28-07; Ord. No. 12-18, § 2, 4-11-12)

Sec. 344.05. - Prohibited acts.

(a) Licensees. No licensee shall:

- (1) Receive any goods from a person under the age of eighteen (18) years.
- (2) Receive any goods from an intoxicated person or a person of unsound mind.
- (3) Receive any goods from a person unless the person presents valid identification as required by section 344.04(a)(5).
- (4) Receive any item of property that possesses an altered, obliterated, or removed serial number.
- (5) Knowingly possess stolen goods without contacting and reporting such to the police.
- (6) Purchase, accept, or receive an article of property from a person knowing, or having reason to know, that the person is not the true owner of the property; nor shall the licensee purchase, accept, or receive an article of property knowing, or having reason to know, that the article is encumbered by a security interest.
- (7) Sell pledged goods before the time to redeem has expired.
- (8) Keep the business open for the transaction of business on any day of the week before 7:00 a.m. or after 10:00 p.m.
- (9) Lend money on a pledge at a rate of interest above that allowed by law.
- (10) Make any false entry in the records of pawn transactions or use any pawn ticket not meeting the requirements of this chapter.
- (11) Falsify, obliterate, destroy, or remove from the place of business, the records, books, or accounts relating to the licensee's pawn transactions.
- (12) Refuse to allow a law enforcement agency or a prosecutor to inspect the pawn records or any pawn goods in the licensee's possession during the ordinary hours of business or at other times acceptable to both parties.

- (13) Fail to maintain a record of each pawn transaction for three (3) years.
  - (14) Make any agreement requiring the personal liability of a pledger or seller, or waiving any provisions of this chapter, or providing for a maturity date less than ninety (90) days after the date of pawn.
  - (15) Fail to return pledged goods to a pledger or seller, or provide compensation as provided in Minn. Stat. 325J.09, upon payment of the full amount due the pawnbroker unless either the date of redemption is more than sixty (60) days past the date of the pawn transaction, renewal, or extension and the pawnbroker has sold the pledged goods, or the pledged goods have been taken into custody by a court or a law enforcement officer or agency.
  - (16) Sell or lease, or agree to sell or lease, pledged or purchased goods back to the pledger or seller in the same, or a related, transaction.
  - (17) Sell or otherwise charge for insurance in connection with a pawn transaction.
  - (18) Remove pledged goods from the pawnshop premises or other storage place approved by a municipality at any time before the expiration of the redemption period. However, a pawnbroker is permitted to:
    - (i) Return pledged goods to the borrower at any time during the redemption period,
    - (ii) Sell the pledged goods or remove the pledged goods from the pawnshop premises or other storage at any time after the expiration of the redemption period, and
    - (iii) Sell or remove purchased goods not involving a pawn transaction from the pawnshop premises or other storage facility thirty-one (31) days or later from the purchase transaction date.
  - (19) Fail to maintain order in the business.
- (b) Patrons. No person shall:
- (1) Pawn or sell or attempt to pawn or sell goods with any licensee if the person is under the age of eighteen (18) years of age.
  - (2) Give a false or fictitious name; nor give a false date of birth; nor give a false or out-of-date address of residence or telephone number; nor present a false or altered identification, or the identification of another; to any licensee when seeking to pawn, pledge, sell, consign, leave, or deposit any article of property.
  - (3) Pawn, pledge, sell, consign, leave, or deposit any article of property not their own; nor shall any person pawn, pledge, sell, consign, leave, or deposit the property of another, whether with permission or without; nor shall any person pawn, pledge, sell, consign, leave, or deposit any article of property in which another has a security interest; with any licensee.
  - (4) Make false statements or representations regarding the ownership of items to be sold or pawned.

(Ord. No. 12-18, § 3, 4-11-12)

**Editor's note**— Ord. No. 12-18, § 3, adopted April 11, 2012, amended the Code by repealing former § 344.05, and adding a new § 344.05. Former § 344.05 pertained to hours and minors, and derived from the Code of 1956, § 366.06; and Ord. No. 17929, adopted June 9, 1992.

Sec. 344.06. - Penalty.

Violation of any provision of this chapter shall be a misdemeanor.



(Ord. No. 12-18, § 4, 4-11-12)

**Editor's note**— Ord. No. 12-18, § 4, adopted April 11, 2012, amended the Code by repealing former § 344.06, and adding a new § 344.06. Former § 344.06 pertained to inspections, and derived from the Code of 1956, §§ 366.04 and 366.16; and Ord. No. 17929, adopted June 9, 1992.