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ECONOMIC DEVELOPMENT

HOUSE FILE
BY REYNOLDS

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Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the licensure of pawnshops, the licensure of
2 pawnshop employees, the regulation of the operation of
3 pawnshops, the inspection and examination of pawnshops, and
4 providing penalties.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SUBCHAPTER I

GENERAL PROVISIONS

Section 1. NEW SECTION. 552B.101 SHORT TITLE.

This chapter shall be known and may be cited as the "Iowa Pawnshop Act".

Sec. 2. NEW SECTION. 552B.102 PURPOSES.

The purpose of this chapter is to do all of the following:

- 1. Prevent fraud, unfair practices, discrimination, imposition, and abuse of state residents.
- 2. Exercise the state's police power to ensure a sound system for the making of pawn loans and the transfer of personal property by and through pawnshops.
- 3. Prevent transactions in stolen property and other unlawful property transactions by licensing and regulating pawnbrokers and pawnshop employees.
- 4. Provide for licensing and investigation fees.
- 5. Provide minimum capital requirements for pawnbrokers.
- 6. Ensure financial responsibility of pawnbrokers to the state and its residents and compliance by pawnbrokers and pawnshop employees with federal, state, and local law, including rules and ordinances.
- 7. Assist local governments in the exercise of their police power.

Sec. 3. NEW SECTION. 552B.103 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

- 1. "Applicable liabilities" includes trade or other accounts payable, accrued sales, income, or other taxes, accrued expenses, and notes or other payables that are unsecured or secured in whole or in part by current assets. "Applicable liabilities" does not include a liability secured by assets other than current assets.
- 2. "Current assets" includes an investment made in cash, bank deposits, merchandise inventory, and loans due from customers, excluding the pawn service charge. "Current

1 assets" does not include an investment made in any of the
2 following:

3 a. Fixed assets of real estate, furniture, fixtures, or
4 equipment.

5 b. Stocks, bonds, or other securities.

6 c. Prepaid expenses or other general intangibles.

7 3. "Department" means the department of commerce created
8 in section 546.2.

9 4. "Director" means the director of the department of
10 commerce.

11 5. "Goods" means tangible personal property.

12 6. "Net assets" means the book value of current assets
13 less applicable liabilities.

14 7. "Pawn transaction" means the pledging to a pawnbroker
15 of a single item of goods as security for a loan of money.

16 8. "Pawnbroker" means a person engaged in the business of
17 any of the following:

18 a. Lending money on the security of pledged goods.

19 b. Purchasing goods on condition that the goods may be
20 redeemed or repurchased by the seller for a fixed price within
21 a fixed period.

22 9. "Pawnshop" means a location at which or premises in
23 which a pawnbroker regularly conducts business.

24 10. "Pledged goods" means goods deposited with or
25 otherwise delivered into the possession of a pawnbroker in
26 connection with a pawn transaction.

27 Sec. 4. NEW SECTION. 552B.104 COMPUTATION OF MONTH.

28 1. For the computation of time in this chapter, a month is
29 the period from a date in a month to the corresponding date in
30 the succeeding month. If the succeeding month does not have a
31 corresponding date, the period ends on the last day of the
32 succeeding month.

33 2. For the computation of a fraction of a month, a day is
34 equal to one-thirtieth of a month.

35 Sec. 5. NEW SECTION. 552B.105 REGULATORY AUTHORITY.

1 The director may regulate a business practice that requires
2 a pawnshop license under this chapter.

3 Sec. 6. NEW SECTION. 552B.106 RULEMAKING.

4 The department shall adopt rules pursuant to chapter 17A
5 necessary to administer this chapter.

6 Sec. 7. NEW SECTION. 552B.107 STAGGERED RENEWAL OF
7 LICENSES.

8 The department may adopt a system under which licenses
9 issued under this chapter expire on various dates during the
10 year.

11 SUBCHAPTER II

12 PAWNSHOP LICENSE

13 Sec. 8. NEW SECTION. 552B.201 PAWNSHOP LICENSE REQUIRED.

14 A person shall not engage in business as a pawnbroker
15 unless the person holds a pawnshop license issued by the
16 director.

17 Sec. 9. NEW SECTION. 552B.202 ELIGIBILITY.

18 1. To be eligible for a pawnshop license, an applicant
19 shall demonstrate all of the following:

20 a. Good moral character, as evidenced by demonstration of
21 meeting the criteria established in section 724.15, subsection
22 1.

23 b. Achievement of the net assets requirement of section
24 552B.221.

25 c. The pawnshop will be operated lawfully and fairly under
26 this chapter.

27 d. The applicant or the applicant's owners and managers
28 have the financial responsibility, experience, character, and
29 general fitness to command the confidence of the public in the
30 pawnshop's operations.

31 2. Subsection 1, paragraph "a", applies to all of the
32 following:

33 a. The operator and legal or beneficial owner if the
34 applicant is a business entity.

35 b. The officer, owner of at least five percent of the

1 shares outstanding, and a member of the board of directors if
2 the applicant is a corporation.

3 Sec. 10. NEW SECTION. 552B.203 VERIFICATION OF
4 APPLICANT'S NET ASSETS.

5 If the director cannot verify that an applicant meets the
6 net assets requirement of section 552B.221, the director may
7 require proof, including a current balance sheet, to be
8 established by an independent certified public accountant of
9 both of the following:

10 1. The accountant has reviewed the applicant's books and
11 records.

12 2. The applicant meets the net assets requirement of
13 section 552B.221.

14 Sec. 11. NEW SECTION. 552B.204 LICENSE APPLICATION.

15 1. This section applies to an application for all of the
16 following:

17 a. A pawnshop license.

18 b. Relocation of a pawnshop.

19 c. Transfer of a pawnshop license and approval of a change
20 in the ownership of a pawnshop.

21 2. An application shall be submitted to the director and
22 must meet all of the following requirements:

23 a. Be under oath.

24 b. Provide all of the following information:

25 (1) The full name and place of residence of the applicant.

26 (2) The full name and address of each partner member if
27 the applicant is a partnership.

28 (3) Except as provided in subsection 3, the full name and
29 address of each officer, shareholder, and member of the board
30 of directors if the applicant is a corporation.

31 (4) The location where the business is to be conducted.

32 (5) Any other relevant information required by the
33 director.

34 c. Be accompanied by the fees and proof of insurance
35 required by section 552B.205.

1 3. The full name and address of each shareholder is not
2 required if the applicant is owned directly or beneficially by
3 a person who satisfies both of the following:

4 a. The person is an issuer of securities who meets either
5 of the following criteria:

6 (1) The person issues a class of securities registered
7 under section 12 of the federal Securities Exchange Act of
8 1934.

9 (2) The person is required to file reports with the
10 securities and exchange commission by section 15(d) of the
11 federal Securities Exchange Act of 1934.

12 b. The person has filed with the director the information,
13 documents, and reports that are required by the federal
14 Securities Exchange Act of 1934 to be filed by the issuer with
15 the securities and exchange commission.

16 Sec. 12. NEW SECTION. 552B.205 FEES -- PROOF OF
17 INSURANCE.

18 An applicant must submit all of the following with the
19 application:

20 1. An investigation fee equal to one of the following:

21 a. Five hundred dollars if the applicant does not hold a
22 license.

23 b. Two hundred fifty dollars if the application is for any
24 of the following:

25 (1) An additional license for a separate location.

26 (2) A license which involves substantially identical
27 principals and owners of a licensed pawnshop at a separate
28 location.

29 (3) A renewal of a license.

30 2. An annual fee of one hundred dollars.

31 3. Proof of general liability and fire insurance in a
32 reasonable amount and form required by the director.

33 Sec. 13. NEW SECTION. 552B.206 BOND.

34 1. The director may require that an applicant file a bond
35 with the application. The bond shall meet all of the

1 following criteria:

2 a. The bond must be satisfactory to the director.

3 b. The bond must be in the amount set by the director not
4 to exceed five thousand dollars for each license.

5 c. The bond must be issued by a surety qualified to do
6 business in this state.

7 2. The aggregate liability of the surety may not exceed
8 the amount of the bond.

9 3. The bond must be for the use and benefit of the state
10 and a person who is injured or who sustains a loss by the
11 actions of the licensed pawnbroker, with a right of action in
12 the name of the state for the state's or the person's use.

13 4. The bond must be conditioned on both of the following:

14 a. The pawnbroker's compliance with this chapter and rules
15 adopted under this chapter.

16 b. The payment of all obligations that are due the state
17 or another person under this chapter.

18 Sec. 14. NEW SECTION. 552B.207 INVESTIGATION -- NOTICE
19 OF APPLICATION.

20 1. On receipt of an application and the required fees, the
21 director shall do both of the following:

22 a. Conduct an investigation to determine whether to issue
23 the license.

24 b. Give notice of the application to all of the following:

25 (1) The department of public safety.

26 (2) Each local law enforcement agency in the county in
27 which the business is to be conducted.

28 (3) Each pawnbroker in the county in which the applicant
29 pawnshop is to be located.

30 2. The notice to the department of public safety and local
31 law enforcement agencies shall state the name and address of
32 each person required by section 552B.204, to be listed on the
33 license application.

34 3. The director shall give the department of public safety
35 and local law enforcement agencies a reasonable time to

1 respond with information concerning the listed persons or with
2 any other relevant information.

3 Sec. 15. NEW SECTION. 552B.208 PUBLIC HEARING.

4 1. On request, the director shall conduct a public hearing
5 before issuing a pawnshop license.

6 2. The director shall give a pawnbroker that would be
7 affected by the granting of an application for a pawnshop
8 license an opportunity to appear, present evidence, and be
9 heard for or against the application.

10 Sec. 16. NEW SECTION. 552B.209 APPROVAL -- ISSUANCE OF
11 LICENSE.

12 1. Except as provided in subsection 2, the director shall
13 approve an application and issue a pawnshop license if the
14 director finds the applicant is eligible for the license.

15 2. If an application is for an original license in or the
16 relocation of a pawnshop to a county with a population of at
17 least two hundred fifty thousand, the director must find both
18 of the following apply before an application can be approved
19 and a license can be issued:

20 a. There is a public need for the proposed pawnshop.

21 b. The volume of business in the community in which the
22 pawnshop will conduct its business indicates a profitable
23 operation is probable.

24 Sec. 17. NEW SECTION. 552B.210 NOTICE OF DENIAL --
25 HEARING.

26 1. If the director finds that the application does not
27 meet the criteria described in section 552B.209, the director
28 shall notify the applicant.

29 2. An applicant may request a hearing on an application
30 not later than the thirtieth day after the date of
31 notification under subsection 1, and shall be entitled to a
32 hearing within sixty days after the date of the request.

33 Sec. 18. NEW SECTION. 552B.211 PERIOD FOR FINAL DECISION
34 TO APPROVE OR DENY.

35 Unless the applicant and the director agree in writing to a

1 later date, the director shall approve or deny an application
2 before the sixty-first day after the later of the date on
3 which either of the following occurs:

4 1. The application is filed and the required fees are
5 paid.

6 2. A hearing on the application is completed.

7 Sec. 19. NEW SECTION. 552B.212 DISPOSITION OF FEES ON
8 DENIAL OF APPLICATION.

9 If the director denies an application, the director shall
10 retain the investigation fee and shall return to the applicant
11 the annual license fee submitted with the application.

12 Sec. 20. NEW SECTION. 552B.213 ANNUAL LICENSE FEE --
13 EXPIRATION.

14 1. Not later than December 1 of each year, a pawnbroker
15 shall pay the annual fee specified in section 552B.205 to the
16 director for each license held for the next calendar year.

17 2. If the annual fee for a license is not paid before the
18 sixteenth day after the date on which written notice of
19 delinquency of payment has been given to the pawnbroker by the
20 director, the license expires on the later of that day or
21 December 31 of the last year for which an annual fee was paid.

22 Sec. 21. NEW SECTION. 552B.214 REDUCTION IN ANNUAL
23 LICENSE FEE.

24 If a pawnshop license is issued on an application which was
25 filed after June 30, both of the following shall occur:

26 1. The annual license fee for the remainder of the year is
27 fifty dollars.

28 2. The director shall return to the applicant the
29 difference between the fee specified in this section and the
30 annual fee paid with the application if the applicant paid the
31 fee amount specified in section 552B.205.

32 Sec. 22. NEW SECTION. 552B.215 TEMPORARY LICENSE.

33 1. The director may issue a temporary pawnshop license on
34 receipt of an application for either of the following:

35 a. An application to transfer a license from one person to

1 another.

2 b. An application for a license involving principals and
3 owners that are substantially identical to those of an
4 existing licensed pawnshop.

5 2. A temporary pawnshop license is effective until a
6 permanent pawnshop license is issued or denied.

7 Sec. 23. NEW SECTION. 552B.216 CONTENTS AND DISPLAY OF
8 LICENSE.

9 1. At a minimum, a pawnshop license shall state all of the
10 following:

11 a. The name of the pawnbroker.

12 b. The address at which the business is conducted.

13 2. A pawnbroker shall display a pawnshop license at the
14 place of business listed on the license.

15 Sec. 24. NEW SECTION. 552B.217 MULTIPLE PLACES OF
16 BUSINESS.

17 1. A separate pawnshop license is required for each place
18 of business operated under this chapter.

19 2. The director may issue more than one license to a
20 person if the person complies with this chapter for each
21 license.

22 Sec. 25. NEW SECTION. 552B.218 CHANGE OF OWNERSHIP.

23 1. An application for an original pawnshop license or the
24 transfer of a pawnshop license is required if a change in
25 direct or beneficial ownership of a licensed pawnshop occurs.

26 2. This section does not apply to a change in direct or
27 beneficial ownership of a licensed pawnshop if the pawnshop is
28 owned directly or beneficially by a person who meets all of
29 the following criteria:

30 a. The person is an issuer of securities who is described
31 by section 552B.204, subsection 3, paragraph "a".

32 b. The person is described by section 552B.204, subsection
33 3, paragraph "b", and has submitted to the director each
34 filing required by section 15(d) of the federal Securities
35 Exchange Act of 1934 and paid a filing fee of one hundred

1 dollars with each filing.

2 c. The person has filed information on officers and
3 members of the board of directors of the issuer or any
4 licensed or intermediate subsidiary as required by section
5 552B.204 for officers and members of boards of directors of a
6 corporation.

7 Sec. 26. NEW SECTION. 552B.219 TRANSFER OR ASSIGNMENT OF
8 LICENSE.

9 A pawnshop license may be transferred or assigned only with
10 the approval of the director.

11 Sec. 27. NEW SECTION. 552B.220 NOTICE OF RELOCATION.

12 1. A pawnbroker who wishes to move a pawnshop from the
13 location provided on the license must do one of the following:

14 a. Give notice to the director before the thirtieth day
15 preceding the date the pawnbroker moves if the new location
16 does not meet the criteria contained in section 552B.209,
17 subsection 2.

18 b. Make application to the director before the sixtieth
19 day proceeding the date the pawnbroker moves if the new
20 location does not meet the criteria contained in section
21 552B.209, subsection 2.

22 2. When the director receives a notice under subsection 1,
23 paragraph "a", the director shall amend the pawnshop license
24 accordingly.

25 Sec. 28. NEW SECTION. 552B.221 NET ASSETS REQUIREMENT.

26 1. Except as provided by this section, a pawnbroker shall
27 maintain net assets of at least one hundred fifty thousand
28 dollars that may be used or are readily available for use in
29 the business of each pawnshop.

30 2. If a change in ownership or a relocation from a
31 municipality occurs, the net assets requirement for a
32 pawnbroker is an amount equal to the sum, rounded up to the
33 nearest multiple of five thousand dollars of all of the
34 following:

35 a. The pawnbroker's outstanding loans on the date of the

1 change of ownership or relocation.

2 b. The value of the pawnbroker's inventory on the date of
3 the change of ownership or relocation.

4 c. An amount equal to five percent of the sum of the
5 amounts described by paragraphs "a" and "b".

6 3. The net assets requirement of subsection 2 shall not be
7 either of the following:

8 a. Less than the amount of net assets required immediately
9 before the date of the change of ownership or relocation.

10 b. More than one hundred fifty thousand dollars.

11 4. Net assets shall be represented by a capital investment
12 unencumbered by a lien or other encumbrance and subject to a
13 claim by a general creditor.

14 5. This section does not apply to a change in ownership
15 that is any of the following:

16 a. A transaction involving a different owner who had a
17 family or significant business relationship with a prior owner
18 before the transaction.

19 b. A transaction which meets both of the following
20 criteria:

21 (1) Only the number or proportionate ownership interest of
22 the owners of the business changes.

23 (2) An individual who was not an owner before the
24 transaction is not an owner after the transaction.

25 c. A change in ownership that occurs by testate or
26 intestate disposition.

27 Sec. 29. NEW SECTION. 552B.222 APPOINTMENT OF AGENT.

28 1. A pawnbroker shall maintain on file with the director a
29 written appointment of a resident of this state as the
30 pawnbroker's agent for service of all judicial or other
31 process or legal notice.

32 2. If a pawnbroker fails to file a written appointment of
33 an agent, service of all judicial or other process or legal
34 notice may be made on the director.

35 SUBCHAPTER III

1 PAWNSHOP EMPLOYEE LICENSE

2 Sec. 30. NEW SECTION. 552B.301 PAWNSHOP EMPLOYEE LICENSE
3 REQUIRED.

4 1. An individual who begins employment at a pawnshop shall
5 apply to the director for a pawnshop employee license not
6 later than the thirtieth day after the date employment begins.

7 2. The individual may continue employment until the
8 license is issued or denied.

9 3. A pawnbroker shall not employ an individual to write a
10 pawn transaction, buy or sell merchandise, or supervise
11 another employee who writes pawn transactions or buys or sells
12 merchandise unless one of the following criteria is met:

13 a. The individual complies with subsection 1, but has not
14 been issued or denied a license.

15 b. The individual holds a pawnshop employee license.

16 4. Subsection 3 does not apply to an individual who has an
17 ownership interest in the pawnshop license or who is named in
18 the pawnshop license application.

19 Sec. 31. NEW SECTION. 552B.302 ELIGIBILITY.

20 1. To be eligible for a pawnshop employee license, an
21 individual must be both of the following:

22 a. Of good moral character and good business repute.

23 b. Possess the character and general fitness necessary to
24 warrant belief that the individual will operate the business
25 lawfully and fairly under this chapter.

26 2. The director is the licensing authority and shall
27 determine if eligibility criteria are met.

28 Sec. 32. NEW SECTION. 552B.303 LICENSE APPLICATION --
29 FEES.

30 1. An application for a pawnshop employee license must
31 state all of the following:

32 a. The applicant's name and address.

33 b. The name of the pawnshop at which the applicant is
34 employed.

35 c. Whether any of the following are true of the applicant:

1 (1) The applicant has been convicted of or is under
2 indictment for a crime.

3 (2) The applicant has had a license to engage in an
4 occupation, business, or profession revoked or suspended.

5 (3) The applicant has been denied an occupational,
6 business, or professional license, including a pawnshop
7 employee license, in this or another state.

8 d. If the applicant has had a license described by
9 paragraph "c", subparagraphs (2) and (3), revoked, suspended,
10 or denied, the reason for the action.

11 e. Each business or occupation in which the applicant
12 engaged for the five years preceding the date of application.

13 f. Other relevant information the director requires.

14 2. An investigation and annual fee of twenty-five dollars
15 shall accompany the application.

16 Sec. 33. NEW SECTION. 552B.304 APPROVAL OR DENIAL OF
17 APPLICATION.

18 1. Not later than sixty days after the date an application
19 is filed, the director shall determine whether the applicant
20 qualifies for a pawnshop employee license.

21 2. The director shall approve the application and issue a
22 license if the director finds that the applicant qualifies for
23 a license.

24 3. If the director does not make the finding required by
25 subsection 2, the director shall notify the applicant and the
26 employing pawnbroker in writing that the application will be
27 denied unless the applicant, in writing and not later than
28 thirty days after the date of the notice, requests a hearing
29 on the application.

30 4. An application shall be deemed denied on the thirty-
31 first day after the date of the notice of denial if the
32 applicant does not request a hearing in the time allowed.

33 5. If an applicant requests a hearing in the time allowed,
34 the director shall conduct a hearing on the application. Upon
35 the conclusion of the hearing, the director shall approve or

1 deny the application.

2 Sec. 34. NEW SECTION. 552B.305 LICENSE TERM.

3 A pawnshop employee license is effective until the license
4 expires or is surrendered, suspended, or revoked.

5 Sec. 35. NEW SECTION. 552B.306 ANNUAL LICENSE FEE --
6 EXPIRATION.

7 1. Not later than December 1 of each year, a pawnshop
8 employee license holder shall pay to the director an annual
9 fee of ten dollars for the next following calendar year.

10 2. By December 8 of each year, the director shall send a
11 written notice of delinquency to a license holder who does not
12 pay the fee on or before December 1.

13 3. If the annual fee for a license is not paid before the
14 sixteenth day after the date the delinquency notice was sent,
15 the license expires on the later of that day or January 1 of
16 the calendar year for which the annual fee was not paid.

17 SUBCHAPTER IV

18 OPERATION OF PAWNSHOPS

19 Sec. 36. NEW SECTION. 552B.401 HOURS OF OPERATION.

20 1. A pawnbroker shall maintain business hours of at least
21 four hours a day for five days a week.

22 2. A pawnbroker shall not do business before 7 a.m. or
23 after 9 p.m.

24 Sec. 37. NEW SECTION. 552B.402 RECORDKEEPING.

25 1. A pawnbroker, consistent with accepted accounting
26 practices, shall keep adequate books and records relating to
27 the pawnbroker's pawn transactions and any other business
28 regulated by this chapter.

29 2. Books and records shall be preserved at least until the
30 second anniversary of the date of the last transaction
31 recorded in the particular book or record.

32 Sec. 38. NEW SECTION. 552B.403 NOTICE OF OPERATION OF
33 OTHER BUSINESS.

34 1. A pawnbroker shall notify the director before the
35 pawnbroker conducts or allows another person to conduct at the

1 pawnshop a business other than the business of a pawnbroker or
2 the business of buying and selling goods.

3 2. The director may refuse to permit a person other than
4 the pawnbroker to operate the other business on the pawnshop
5 premises if the director finds that the operation is
6 inconsistent with this chapter.

7 3. A pawnbroker shall notify the director of any location
8 at which the pawnbroker or an applicant for a pawnshop license
9 operates a buy shop, secondhand merchandise store, retail
10 outlet, or similar business or any business to which the
11 pawnbroker regularly transfers goods from the pawnshop.

12 Sec. 39. NEW SECTION. 552B.404 INSURANCE AND BOND.

13 1. A pawnbroker shall maintain general liability and fire
14 insurance in a reasonable amount and form as required by the
15 director which shall be sufficient to protect pledged goods,
16 including jewelry, at the pawnshop.

17 2. A pawnbroker shall maintain a bond meeting all of the
18 following requirements:

19 a. In the amount, not to exceed five thousand dollars, as
20 required by the director.

21 b. In the form required by the director.

22 c. Conditioned on compliance with this chapter and rules
23 adopted under this chapter.

24 Sec. 40. NEW SECTION. 552B.405 PAWNSHOP SECURITY.

25 1. A pawnshop shall have both of the following:

26 a. One or more alarm systems sufficient to detect and
27 signal unauthorized entry or the presence of an unauthorized
28 person, to provide for the security of pledged goods.

29 b. A safe of a type approved by the pawnbroker's insurance
30 underwriter, to provide for the security of pledged jewelry.

31 2. The director may adopt rules related to the keeping of
32 firearms used solely for the security of the pawnshop by the
33 pawnbroker.

34 Sec. 41. NEW SECTION. 552B.406 PAWN TRANSACTION.

35 1. Items that are usually sold as a set are considered a

1 single item and must be included in the same pawn transaction.

2 2. A pledged item together with items that are accessories
3 to the pledged item are considered a single item and must be
4 included in the same pawn transaction.

5 3. Each pawn transaction retains its separate character
6 when it is renewed, unless the parties agree otherwise.

7 4. A pawnbroker shall not divide a pawn transaction into
8 more than one transaction to obtain, or with the effect of
9 obtaining, a total pawn service charge that exceeds the charge
10 authorized for an amount equal to the total of the amounts
11 financed in the resulting transactions.

12 Sec. 42. NEW SECTION 552B.407 PAWN TICKET.

13 A pawnbroker, at the time of entering into a pawn
14 transaction, shall deliver to the pledgor a pawn ticket or
15 other memorandum that clearly shows all of the following:

16 1. The name and address of the pawnshop.

17 2. The pledgor's name, address, and physical description
18 and a driver's license number, military identification number,
19 identification certificate number, or other official number
20 that can identify the pledgor.

21 3. The date of the transaction.

22 4. An identification and description of the pledged goods,
23 including serial numbers if reasonably available.

24 5. The amount of cash advanced or credit extended to the
25 pledgor, designated as "amount financed".

26 6. The amount of the pawn service charge, designated as
27 "finance charge".

28 7. The total amount, consisting of the amount financed
29 plus the finance charge, that must be paid to redeem the
30 pledged goods on the maturity date, designated as "total of
31 payments".

32 8. The annual percentage rate computed according to
33 regulations issued by the federal reserve board under the
34 Truth in Lending Act, 15 U.S.C. § 1601 et seq., as amended.

35 9. The maturity date of the pawn transaction.

1 10. A statement that the pledgor is not obligated to
2 redeem the pledged goods and that the pledged goods may be
3 forfeited to the pawnbroker on the sixty-first day after the
4 maturity date.

5 Sec. 43. NEW SECTION. 552B.408 AMOUNT FINANCED.

6 The director shall adopt rules limiting the amount that may
7 be financed by a pawn transaction.

8 Sec. 44. NEW SECTION. 552B.409 PAWN SERVICE CHARGE.

9 1. A pawnbroker shall not contract for, charge, or receive
10 an amount, other than a pawn service charge, as a charge for
11 credit in connection with a pawn transaction.

12 2. A pawn service charge shall not exceed the charge
13 disclosed in the pawn ticket or other memorandum delivered to
14 the pledgor.

15 3. The director shall adopt rules to establish limits on
16 the amount that may be charged as a pawn service charge.

17 Sec. 45. NEW SECTION. 552B.410 MATURITY DATE --
18 MEMORANDUM OF EXTENSION.

19 1. A pawnbroker shall not enter into a pawn transaction
20 that has a maturity date which is later than one month from
21 the date of the transaction.

22 2. The pledgor and the pawnbroker, by written agreement,
23 may change the maturity date of a pawn transaction to a date
24 which is later than the date specified on the pawn ticket.

25 3. The written agreement under subsection 2 shall clearly
26 set out the new redemption date and the amount of any
27 additional pawn service charge.

28 4. A pawnbroker shall provide a copy of the written
29 agreement to the pledgor.

30 Sec. 46. NEW SECTION. 552B.411 EARLY REDEMPTION --
31 REDUCTION OF PAWN SERVICE CHARGE.

32 If a pledgor redeems the pledged goods before the maturity
33 date of the pawn transaction, any part of the pawn service
34 charge that exceeds fifteen dollars shall be reduced by an
35 amount equal to one-thirtieth of the total pawn service charge

1 for each day between the date on which redemption occurs and
2 the original maturity date.

3 Sec. 47. NEW SECTION. 552B.412 PRESENTATION OF TICKET --
4 PRESUMPTION.

5 A person who presents proper identification and a pawn
6 ticket to the pawnbroker is presumed to be entitled to redeem
7 the pledged goods described by the pawn ticket.

8 Sec. 48. NEW SECTION. 552B.413 LOST OR DESTROYED TICKET.

9 1. If a pawn ticket is lost, destroyed, or stolen, the
10 pledgor may notify the pawnbroker of that fact in writing.
11 Receipt of this notice invalidates the pawn ticket if the
12 pledged goods have not been redeemed.

13 2. The pawnbroker shall require the pledgor to make a
14 written statement of the loss, destruction, or theft before
15 the pawnbroker permits the goods to be redeemed or issues a
16 new pawn ticket.

17 3. The pawnbroker shall include on the written statement
18 all of the following:

19 a. The identifying information required by section
20 552B.407, subsection 2.

21 b. The date the statement is made.

22 c. The number of the pawn ticket which was lost,
23 destroyed, or stolen.

24 4. The statement shall be signed by the pawnbroker or the
25 pawnshop employee who accepts the statement from the pledgor.

26 5. A pawnbroker is entitled to a fee of not more than one
27 dollar in connection with the accepting of a written statement
28 under this section.

29 Sec. 49. NEW SECTION. 552B.414 DUTY OF REASONABLE CARE.

30 A pawnbroker shall exercise reasonable care to protect
31 pledged goods from loss or damage.

32 Sec. 50. NEW SECTION. 552B.415 RETURN OF PLEDGED GOODS.

33 A pawnbroker shall return pledged goods to the pledgor on
34 payment of the total amount due the pawnbroker in connection
35 with the pawn transaction.

1 Sec. 51. NEW SECTION. 552B.416 REDEMPTION BY MAIL.

2 A pawnbroker shall permit a pledgor to redeem pledged goods
3 by mail.

4 Sec. 52. NEW SECTION. 552B.417 LOST OR DAMAGED GOODS.

5 1. A pawnbroker shall replace pledged goods that are lost
6 or damaged while in the pawnbroker's possession with like kind
7 merchandise. The replacement is subject to approval by the
8 director.

9 2. For purposes of this section, goods are considered lost
10 if the goods are destroyed, stolen, or have disappeared and
11 are unavailable for return to the pledgor prior to the time
12 specified in section 552B.419 of forfeiture of the goods to
13 the pawnbroker.

14 Sec. 53. NEW SECTION. 552B.418 EXEMPTION FROM CRIMINAL
15 LIABILITY.

16 A pawnbroker is not criminally liable for damages or loss
17 due to an act of God or circumstances beyond the pawnbroker's
18 control.

19 Sec. 54. NEW SECTION. 552B.419 UNREDEEMED PLEDGED GOODS
20 -- FORFEITURE.

21 1. A pawnbroker shall hold pledged goods not redeemed by
22 the pledgor for at least sixty days after the maturity date
23 specified in the pawn ticket issued in connection with the
24 pawn transaction.

25 2. On or before the sixtieth day after the original
26 maturity date, the pledgor may redeem the pledged goods by
27 paying both of the following:

28 a. The originally agreed redemption price.

29 b. An additional pawn service charge equal to one-
30 thirtieth of the original monthly pawn service charge for each
31 day after the original maturity date, including the day on
32 which the pledged goods are finally redeemed.

33 3. Pledged goods which are not redeemed on or before the
34 sixtieth day after the original maturity date may, unless the
35 maturity date has been extended pursuant to section 552B.410,

1 subsection 2, at the option of the pawnbroker, be forfeited to
2 the pawnbroker.

3 Sec. 55. NEW SECTION. 552B.420 REDEMPTION OR PAYMENT BY
4 PLEDGOR NOT REQUIRED.

5 A pledgor is not obligated to redeem pledged goods or to
6 make a payment on a pawn transaction.

7 Sec. 56. NEW SECTION. 552B.421 AGREEMENT REQUIRING
8 PLEDGOR'S PERSONAL LIABILITY PROHIBITED.

9 A pawnbroker shall not enter into an agreement requiring
10 the personal liability of the pledgor in connection with a
11 pawn transaction.

12 Sec. 57. NEW SECTION. 552B.422 WAIVER OF PLEDGOR'S
13 RIGHTS PROHIBITED.

14 A pawnbroker shall not accept a waiver of a right or
15 protection by a pledgor under this chapter.

16 Sec. 58. NEW SECTION. 552B.423 INSURANCE CHARGE LIMITED.

17 A pawnbroker shall not impose a charge for insurance in
18 connection with a pawn transaction, except that a pawnbroker
19 may impose a charge in the amount of the actual cost to insure
20 pledged goods being shipped to a pledgor who redeems the goods
21 by mail.

22 Sec. 59. NEW SECTION. 552B.424 IDENTIFICATION OF PLEDGOR
23 OR SELLER REQUIRED.

24 1. A pawnbroker shall require identification of either of
25 the following:

26 a. The pledgor if a transaction is a pawn transaction.

27 b. The seller if a transaction is a purchase of goods by
28 the pawnbroker.

29 2. Identification is acceptable only if it contains a
30 photograph of the pledgor or seller and is one of the
31 following:

32 a. A state driver's license.

33 b. A nonoperator's identification card.

34 c. A passport.

35 d. A military identification card or document.

- 1 e. A nonresident alien border crossing card.
- 2 f. A resident alien border crossing card.
- 3 g. A United States immigration and naturalization service
- 4 identification card or document.
- 5 3. A pawnbroker shall make the pawnbroker's best effort to
- 6 determine whether the identification is genuine and unaltered
- 7 and properly identifies the pledgor or seller.

8 Sec. 60. NEW SECTION. 552B.425 PROPERTY IDENTIFICATION
9 TAGS REQUIRED.

10 1. A pawnshop shall identify by a tag or similar means
11 each item of goods located in the pawnshop that has a retail
12 or sale value of more than ten dollars and can be tagged or
13 similarly identified.

14 2. This section does not apply to the personal effects of
15 a person in the pawnshop or the furniture, fixtures, or
16 equipment of the pawnshop.

17 Sec. 61. NEW SECTION. 552B.426 TRANSACTIONS WITH MINORS
18 OR PERSONS UNDER THE INFLUENCE OF ALCOHOL OR DRUGS PROHIBITED.

19 A pawnbroker shall not do either of the following:

- 20 1. Enter into a pawn transaction with or purchase property
- 21 from a person who is under eighteen years of age.
- 22 2. Transact business with a person that the pawnbroker or
- 23 employee of the pawnshop believes to be under the influence of
- 24 alcohol or drugs.

25 Sec. 62. NEW SECTION. 552B.427 PURCHASE OF USED PERSONAL
26 PROPERTY.

27 A pawnbroker shall not purchase used personal property from
28 a person other than another pawnbroker unless a record is
29 established that contains all of the following:

- 30 1. The seller's name, address, and physical description
- 31 and a driver's license number, military identification number,
- 32 identification certificate number, or other official number
- 33 that can identify the seller.
- 34 2. A complete description of the property, including the
- 35 serial number, if reasonably available, or other identifying

1 characteristics.

2 3. The seller's signed statement that the seller has the
3 right to sell the property.

4 Sec. 63. NEW SECTION. 552B.428 ACCEPTANCE OF BUILDING
5 CONSTRUCTION MATERIALS.

6 1. A pawnbroker shall not accept the pledge of building
7 construction materials unless a record is established that
8 contains the information required by section 552B.427.

9 2. In this section, "building construction materials"
10 includes:

11 a. Copper pipe, tubing, or wiring.

12 b. Aluminum wire.

13 c. Plumbing supplies.

14 d. Electrical supplies.

15 e. Window glass.

16 f. Lumber.

17 g. Other similar materials.

18 Sec. 64. NEW SECTION. 552B.429 DISPLAYS OF CERTAIN
19 WEAPONS PROHIBITED.

20 A pawnbroker shall not display any of the following for
21 sale in a storefront window or sidewalk display case or depict
22 any of the following on a sign or advertisement in such a way
23 that the item, sign, or advertisement may be viewed from a
24 street:

25 1. A pistol.

26 2. A dirk.

27 3. A dagger.

28 4. A blackjack.

29 5. A hand chain.

30 6. A sword cane.

31 7. Knuckles made of metal or any other hard substance.

32 8. A switchblade, springblade, or throwblade knife.

33 Sec. 65. NEW SECTION. 552B.430 ADVERTISEMENTS.

34 1. A person who does not hold a pawnshop license shall not
35 do either of the following:

1 a. Advertise or cause to be advertised the making,
2 arranging, or negotiating of credit or a loan secured by a
3 pledge of goods which is subject to the requirements of this
4 chapter.

5 b. Use in an advertisement a word, symbol, or statement
6 that states or suggests that the person is a pawnbroker.

7 2. In each advertisement that purports to offer credit or
8 a loan subject to this chapter, the advertiser shall disclose
9 the legal or registered name of the advertiser and the street
10 address of the advertiser's place of business. This
11 subsection does not apply to an advertisement located on the
12 premises of the advertiser's place of business.

13 Sec. 66. NEW SECTION. 552B.431 STOLEN GOODS.

14 1. A pawnbroker shall monitor goods purchased, accepted in
15 pawn, or otherwise acquired by the pawnbroker in order to
16 identify and avoid transactions involving stolen goods.

17 2. The director shall adopt rules that allow both of the
18 following:

19 a. A consumer who has filed an offense report with a local
20 law enforcement agency to request that a pawnbroker search the
21 records of the pawnshop.

22 b. The pawnbroker to assist the consumer and the local law
23 enforcement agency in locating and recovering stolen property.

24 Sec. 67. NEW SECTION. 552B.432 HOLD PERIOD.

25 The director shall establish a reasonable hold period
26 during which a pawnbroker shall not sell or otherwise dispose
27 of an item of goods acquired and offered for sale or other
28 disposition by the pawnbroker.

29 Sec. 68. NEW SECTION. 552B.433 CONSUMER INFORMATION.

30 The director may require a pawnshop to display, in an area
31 in the pawnshop accessible to a consumer, materials provided
32 by the director that are designed to do both of the following:

33 1. Inform a consumer of the duties, rights, and
34 responsibilities of parties to a transaction regulated by the
35 director.

1 2. Inform and assist a robbery, burglary, or theft victim
2 in determining whether pawnshop goods are goods which belonged
3 to the victim.

4 Sec. 69. NEW SECTION. 552B.434 DISPLAYS AND SIGNS.

5 The director may adopt rules related to the use of an
6 outdoor display or sign at a pawnshop.

7 Sec. 70. NEW SECTION. 552B.435 MAINTENANCE OF PREMISES.

8 The director may adopt rules related to the maintenance of
9 pawnshop premises.

10

SUBCHAPTER V

11

INSPECTIONS AND EXAMINATIONS

12 Sec. 71. NEW SECTION. 552B.501 EXAMINATION BY DIRECTOR.

13 At any time the director considers necessary, the director
14 or the director's representative may do any of the following:

15 1. Enter and examine a pawnbroker's place of business.

16 2. Inspect and audit a pawnbroker's transactions, books,
17 accounts, papers, correspondence, or other records that relate
18 to the business of the pawnbroker.

19 3. Examine or inspect purchased or pledged goods and goods
20 required to be identified by section 552B.427.

21 Sec. 72. NEW SECTION. 552B.502 ACCESS TO RECORDS --
22 COPIES.

23 1. During an inspection or examination, the pawnbroker
24 shall give the director or the director's representative free
25 access to the pawnbroker's office, place of business, files,
26 safe, and any vault.

27 2. The director or the representative is entitled to copy
28 any book, account, paper, correspondence, or other record that
29 relates to the business of the pawnbroker.

30 Sec. 73. NEW SECTION. 552B.503 OATHS.

31 During an examination the director or the director's
32 representative may administer an oath and examine a person
33 under oath on a subject relating to a matter regarding which
34 the director is authorized or required by this chapter to
35 consider, investigate, or secure information.

1 Sec. 74. NEW SECTION. 552B.504 INSPECTION BY PEACE
2 OFFICER.

3 A pawnbroker shall allow a peace officer to inspect the
4 pawnbroker's books, accounts, papers, correspondence, or other
5 records that relate to the business of the pawnbroker at any
6 reasonable time without judicial writ or other process.

7 Sec. 75. NEW SECTION. 552B.505 REFUSAL TO ALLOW
8 EXAMINATION OR INSPECTION.

9 A pawnbroker who fails or refuses to permit an examination
10 or copying of books or other documents or an examination or
11 inspection of goods authorized by this subchapter violates
12 this chapter. The failure or refusal is grounds for the
13 suspension or revocation of the pawnbroker's license.

14 Sec. 76. NEW SECTION. 552B.506 CONFIDENTIALITY.

15 Information obtained during an examination or inspection
16 authorized by this subchapter is confidential and privileged
17 except when used by the director or in a criminal
18 investigation or prosecution.

19 Sec. 77. NEW SECTION. 552B.507 FEE.

20 A pawnbroker shall pay to the director an amount assessed
21 by the director to cover the direct and indirect costs of any
22 examination and a proportionate share of general
23 administrative expenses.

24 Sec. 78. NEW SECTION. 552B.508 VERIFICATION OF NET
25 ASSETS.

26 If the director questions the amount of a pawnbroker's net
27 assets, the director may require audit of the net assets and
28 certification by an independent certified public accountant
29 regarding all of the following:

30 1. The accountant has reviewed the pawnbroker's books,
31 other records, and transactions during the reporting year.

32 2. The books and other records are maintained using
33 generally accepted accounting principles.

34 3. The pawnbroker meets the net assets requirement of
35 section 552B.221.

SUBCHAPTER VI

LICENSE REVOCATION, SUSPENSION, AND SURRENDER

Sec. 79. NEW SECTION. 552B.601 REVOCATION OR SUSPENSION
OF PAWNSHOP LICENSE.

1. After notice and hearing, the director may revoke or suspend a pawnshop license if the director finds any of the following:

a. The pawnbroker has not paid a fee or charge imposed by the director under this chapter.

b. The pawnbroker, knowingly or without exercising due care to prevent the violation, has violated this chapter or a rule adopted or an order issued under this chapter.

c. A fact or condition exists that, if it had existed or had been known to exist at the time of the original license application, would have resulted in a refusal to issue the license.

d. The pawnbroker has established a business association with an unlicensed person who, with the knowledge of the pawnbroker, has violated this chapter.

e. The pawnbroker has aided or conspired with a person to circumvent this chapter.

f. The pawnbroker or a legal or beneficial owner of the pawnbroker is not of good moral character or has been convicted of a crime that the director finds directly relates to the duties and responsibilities of the occupation of pawnbroker or would otherwise make the person unfit for a pawnshop license under section 552B.202.

g. The financial responsibility, experience, character, or general fitness of the pawnbroker or the owners and managers of the pawnshop do not command the confidence of the public or warrant the belief that the business will be operated lawfully, fairly, and within the purposes of this chapter.

h. The pawnbroker has not maintained the minimum net assets required by section 552B.221.

2. In addition to revoking or suspending a license, the

1 director may do either of the following:

2 a. Place on probation a person whose license is suspended.

3 b. Reprimand a pawnbroker for violating this chapter or a
4 rule adopted under this chapter.

5 Sec. 80. NEW SECTION. 552B.602 EFFECT OF REVOCATION,
6 SUSPENSION, OR SURRENDER OF PAWNSHOP LICENSE.

7 Revocation, suspension, or surrender of a pawnshop license
8 does not affect a preexisting contract between the pawnbroker
9 and a pledgor.

10 Sec. 81. NEW SECTION. 552B.603 NOTICE OF REVOCATION.

11 1. Upon revocation or surrender of a pawnshop license by
12 the director, the pawnbroker shall send notice of the
13 revocation or surrender to each pledgor with goods in the
14 possession of, but not forfeited to, the pawnbroker on the
15 revocation or surrender date.

16 2. The notice must be in a form prescribed by the director
17 and mailed not later than the fifth day after the revocation
18 or surrender date to the pledgor at the address recorded on
19 the pawn ticket.

20 Sec. 82. NEW SECTION. 552B.604 REDEMPTION OF GOODS AFTER
21 LICENSE REVOCATION, SUSPENSION, OR SURRENDER.

22 1. After revocation of a pawnshop license, the pawnbroker,
23 for the sole purpose of allowing a pledgor to redeem pledged
24 goods, shall maintain usual business hours at the pawnshop for
25 sixty days after the latest maturity date of any pawn
26 transaction made at that pawnshop.

27 2. If after the revocation of a license and within the
28 period provided by section 552B.419 a pledgor requests an
29 extension of that period, the pawnbroker shall grant an
30 extension not to exceed thirty days.

31 3. The director may exercise any authority conferred on
32 the director to protect the interest of a pledgor of goods in
33 the possession of a pawnbroker, whose license has been
34 revoked, including assessment of a penalty or administrative
35 enforcement under this chapter.

1 4. On suspension or surrender of a pawnshop license by the
2 director, the pawnbroker shall maintain the pawnshop's usual
3 business hours during the suspension for the sole purpose of
4 allowing a pledgor to redeem goods or to renew a pawn
5 transaction that matures during the suspension.

6 5. A pawnbroker shall renew a pawn transaction that
7 matures during a suspension if, not later than the sixtieth
8 day after the maturity date, the pledgor requests a renewal.

9 Sec. 83. NEW SECTION. 552B.605 REVOCATION OR SUSPENSION
10 OF PAWNSHOP EMPLOYEE LICENSE.

11 After notice and hearing, the director may revoke or
12 suspend a pawnshop employee license if the director finds any
13 of the following:

14 1. The license holder knowingly or recklessly violated
15 this chapter or a rule adopted or order issued under this
16 chapter.

17 2. A fact or condition exists that, if it had existed or
18 had been known to exist at the time of the original pawnshop
19 employee license application, would have resulted in a refusal
20 to issue the license.

21 3. The moral character, business repute, and general
22 fitness of the license holder do not warrant belief that the
23 license holder will operate the business lawfully and fairly
24 within the provisions of this chapter.

25 Sec. 84. NEW SECTION. 552B.606 HEARING.

26 1. The director shall send written notice of a pawnshop
27 employee license revocation or suspension hearing to the
28 license holder and the employing pawnbroker.

29 2. The director shall hold the hearing not earlier than
30 twenty-one days after the date the notice was sent.

31 Sec. 85. NEW SECTION. 552B.607 SURRENDER OF LICENSE.

32 1. The holder of a pawnshop license or a pawnshop employee
33 license may surrender the license by delivering it to the
34 director with written notice of surrender.

35 2. Surrender shall not affect a license holder's civil or

1 criminal liability for an act committed before the surrender.

2 Sec. 86. NEW SECTION. 552B.608 REINSTATEMENT OF LICENSE.

3 1. This section applies to a pawnshop license or a
4 pawnshop employee license.

5 2. The director may reinstate a suspended pawnshop license
6 or pawnshop employee license or issue a new license to the
7 person whose license or licenses have been revoked if no fact
8 or condition exists that would warrant refusal to issue the
9 license.

10 Sec. 87. NEW SECTION. 552B.609 CERTIFICATE OF STANDING
11 -- COPIES.

12 The director, under the director's seal and signature,
13 shall provide a certificate of good standing or a certified
14 copy of a pawnshop license or a pawnshop employee license to a
15 person who applies and pays for the certificate or copy.

16 SUBCHAPTER VII

17 ENFORCEMENT -- PENALTIES

18 Sec. 88. NEW SECTION. 552B.701 DIRECTOR'S ENFORCEMENT
19 POWERS.

20 For purposes of enforcing this chapter, the director may
21 exercise any power or any authority granted the director by
22 law.

23 Sec. 89. NEW SECTION. 552B.702 ORDER TO END VIOLATION --
24 INJUNCTION -- DAMAGES.

25 1. If the director has reasonable cause to believe that a
26 person is violating this chapter, the director may enter an
27 administrative order requiring the person to stop or to
28 refrain from the violation. The order may be in addition to
29 and shall not prevent any other action by the director under
30 this chapter.

31 2. At the director's request, the attorney general shall
32 sue to enjoin a person from violating or continuing a
33 violation of this chapter or from acting to further a
34 violation. The court may enter an order or judgment awarding
35 a preliminary or permanent injunction. The court may issue an

1 additional order or judgment for actual damages suffered by a
2 person as a result of the violation.

3 Sec. 90. NEW SECTION. 552B.703 ADMINISTRATIVE PENALTY.

4 1. The director may assess an administrative penalty
5 against a person who violates this chapter or a rule adopted
6 under this chapter.

7 2. The director may assess the administrative penalty in
8 an amount equal to either of the following:

9 a. The average profit made by the pawnshop on a business
10 day in the six months before the date the violation occurred,
11 not to exceed one thousand dollars.

12 b. For a violation of section 552B.704, an amount not to
13 exceed one thousand dollars.

14 3. Each day a violation continues or occurs may be
15 considered a separate violation for purposes of this section.
16 The aggregate amount of penalties that may be assessed under
17 this section against a person during one calendar year shall
18 not exceed ten thousand dollars for violations which occurred
19 at the same business location.

20 4. In determining the amount of an administrative penalty,
21 the director shall consider all of the following:

22 a. The seriousness of the violation, including the nature,
23 circumstances, extent, and damages caused by the prohibited
24 act.

25 b. Any history of previous violations.

26 c. The amount necessary to deter future violations.

27 d. Efforts made to correct the violation.

28 e. Any other matter that justice may require.

29 5. If, after investigation of a possible violation and the
30 facts relating to that possible violation, the director
31 determines that a violation has occurred, the director shall
32 issue a preliminary report that states the facts on which the
33 conclusion is based, that an administrative penalty is to be
34 imposed, and the amount to be assessed.

35 6. Not later than the tenth day after the date on which

1 the director issues the preliminary report, the director shall
2 send to the person charged with the violation a copy of the
3 preliminary report and a statement that the person has a right
4 to a hearing on the alleged violation and the amount of the
5 penalty.

6 7. Not later than the twentieth day after the date on
7 which the preliminary report is sent, the person charged may
8 make a written request for a hearing or may pay to the
9 director the amount of the administrative penalty. A person
10 who does not request a hearing or pay the amount of the
11 penalty within the prescribed time waives the right to a
12 hearing.

13 8. If the person charged accepts the director's
14 preliminary report, the director shall issue an order
15 approving the preliminary report and ordering payment of any
16 recommended penalty.

17 9. If after a hearing it is determined that the person has
18 committed the alleged violation, the director shall give
19 written notice to the person of each finding established at
20 the hearing and the amount of the penalty and shall enter an
21 order requiring the person to pay the penalty.

22 10. Not later than the thirtieth day after the date on
23 which the notice is received, the person charged shall pay the
24 administrative penalty in full.

25 Sec. 91. NEW SECTION. 552B.704 ACTING WITHOUT A LICENSE;
26 OFFENSES.

27 1. A person who violates section 552B.201 is guilty of an
28 aggravated misdemeanor.

29 2. A person commits an offense if the person accepts
30 employment at a pawnshop writing pawn transactions and does
31 not comply with section 552B.301, subsection 1.

32 3. A person commits an offense if the person continues
33 employment at a pawnshop after the person's application for a
34 pawnshop employee license is denied or the person's pawnshop
35 employee license has expired or has been revoked, suspended,

1 or surrendered.

2 4. Except as provided by subsection 1, a person committing
3 an offense under this section is guilty of a serious
4 misdemeanor.

5 Sec. 92. NEW SECTION. 552B.705 WILLFUL VIOLATION OF
6 CHAPTER -- OFFENSE.

7 Except as otherwise provided in section 552B.704, a person
8 is guilty of a simple misdemeanor if the person holds a
9 license under this chapter and willfully violates a
10 requirement of this chapter or willfully makes a false entry
11 in a record specifically required by this chapter.

12 Sec. 93. NEW SECTION. 552B.706 PENALTY FOR CERTAIN
13 VIOLATIONS.

14 1. Except as otherwise provided in subsection 2, a
15 pawnbroker who contracts for, charges, or collects a pawn
16 service charge that is greater than the amount authorized by
17 this chapter or otherwise violates this chapter is liable to
18 the person paying the service charge in an amount of damages
19 equal to twice the amount of the pawn service charge
20 contracted for and shall also return the goods pledged in
21 connection with the pawn transaction on request of the pledgor
22 and payment of the balance due.

23 2. A pawnbroker who contracts for, charges, or collects a
24 pawn service charge that is greater than twice the amount
25 authorized by this chapter is not entitled to collect any
26 amount on the pawn transaction and shall return the goods
27 pledged in connection with the pawn transaction on request of
28 the pledgor.

29 3. Subsection 1 or 2 does not apply to a violation that
30 results from an accidental and bona fide error which is
31 corrected upon discovery.

32

EXPLANATION

33 This bill creates new Code chapter 522B, which provides for
34 the licensure of pawnshops, the licensure of pawnshop
35 employees, the regulation of the operation of pawnshops, and

1 the inspection and examination of pawnshops. The bill
2 provides that the department of commerce shall regulate
3 pawnshops under new Code chapter 552B.

4 The bill provides that a person shall not engage in
5 business as a pawnbroker unless the person holds a pawnshop
6 license. The bill provides for eligibility requirements for a
7 pawnshop license, the verification of an applicant's net
8 assets, license applications, application fees and proof of
9 insurance, bonding requirements, application investigations,
10 public hearings, issuance of licenses, notices of the denial
11 of a license, annual license fees, temporary licenses,
12 contents and display of licenses, multiple places of business,
13 change of ownership, notices of relocation, net asset
14 requirements, appointment of an agent, and certain other
15 related matters.

16 The bill provides for the licensure of an individual
17 employed at a licensed pawnshop. The bill provides for
18 eligibility requirements, license applications and fees,
19 license approval and denial process, the term of licenses, and
20 annual license fees, and certain other related matters.

21 The bill provides for the regulation of the operation of
22 licensed pawnshops. The bill provides for regulations
23 relating to hours of operation, recordkeeping, notice of
24 conducting of other businesses, insurance and bonding
25 requirements, pawnshop security, pawn transactions, pawn
26 tickets, amounts financed by a pawn transaction, maturity
27 dates of pawn transactions, early redemption of a pawn
28 transaction, reduction of pawn service charges, presentation
29 of pawn tickets, lost or destroyed pawn tickets, duty of
30 reasonable care to protect pledged goods, return of pledged
31 goods, redemption by mail, lost or damaged goods, exemption
32 from criminal liability under certain circumstances,
33 unredeemed pledged goods and forfeiture, redemption or payment
34 by a pledgor, prohibition against requiring a pledgor's
35 personal liability, prohibition against a waiver of a

1 pledgor's rights, limitations of insurance charges,
 2 identification of a pledgor or seller, property identification
 3 tags, transactions with minors or persons under the influence
 4 of alcohol or drugs, purchase of used personal property,
 5 acceptance of building construction materials, display of
 6 certain weapons, advertisements, transactions involving stolen
 7 goods, hold periods, consumer information, displays and signs,
 8 maintenance of premises, and certain related other matters.

9 The bill provides for the inspection and examination of
 10 licensed pawnshops. The bill provides for examinations by the
 11 director of the department of commerce, access to records of
 12 the pawnshop, oaths, inspections by a peace officer,
 13 consequences for the refusal to allow an examination or
 14 inspection, confidentiality, fees, the verification of net
 15 assets, and certain related other matters.

16 The bill provides for a pawnshop owner or pawnshop employee
 17 license revocation, suspension, and surrender, notice of
 18 revocation, the redemption of goods after license revocation
 19 or suspension, hearings on the revocation or suspension of a
 20 license, reinstatement of a license, certificates of standing,
 21 and certain related other matters.

22 The bill provides for the enforcement of new Code chapter
 23 552B and penalties for violations of new Code chapter 552B.
 24 The bill provides for administrative penalties and criminal
 25 penalties. The criminal penalties involve simple, serious,
 26 and aggravated misdemeanors for various violations of new Code
 27 chapter 552B.

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