

1125. PAWNBROKERS AND PRECIOUS METAL DEALERS

§1125.010 Findings and Purpose. The City Council finds that pawnbrokers and precious metal dealer regulation is appropriate because such activities provide an opportunity for the commission of crimes and their concealment because such businesses have the ability to receive and transfer stolen property easily and quickly. The City Council also finds that consumer protection regulation of such activities is warranted because customers of such businesses frequently seek their services during times of desperate financial circumstances.

§1125.020 License Required. No person shall exercise, carry on or be engaged in the trade or business of pawnbroker or precious metal dealer within the city unless such person is currently licensed under this ordinance to be a pawnbroker or precious metal dealer, respectively.

§1125.030 Definitions. Certain words when used in this section shall have the following meanings:

1. Item Containing Precious Metal. An item made in whole or in part of metal and containing more than one percent by weight of silver, gold or platinum.

2. Minor. Any natural person under the age of 18 years.

3. Pawnbroker. A person 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 that thing back again at a stipulated price or who loans money secured by chattel mortgage or personal property, taking possession of the property or any part thereof so mortgaged.

4. Pawnshop. Any business establishment operated by a pawnbroker.

5. Person. One or more natural persons; a partnership, including a limited partnership; a corporation, including a foreign, domestic or nonprofit corporation; a trust; a political subdivision of the state; or any other business organization.

6. Precious Metal Dealer. Any person engaging in the business of buying coins or second-hand items containing precious metal, including, but not limited to, jewelry, watches, eating utensils, candlesticks and religious and decorative objects. Persons conducting the following transactions shall not be deemed to be precious metal dealers:

- A. Transactions at occasional "garage" or "yard" sales, or estate sales or auctions held at the decedent's residence.
- B. Transactions regulated by Minnesota Statutes, Chapter 80A.
- C. Transactions regulated by the Federal Commodity Futures Commission Act.
- D. Transactions involving the purchase of precious metal grindings, filings, slag, sweeps, scraps or dust from an industrial manufacturer, dental lab, dentist or agent thereof.
- E. Transactions involving the purchase of photographic film such as lithographic and x-ray film, or silver residue or flake covered in lithographic and x-ray film processing. Added

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- F. Transactions involving coins or bullion in ingots.
- G. Transactions in which the secondhand item containing precious metal is exchanged for a new item containing precious metal and the value of the new item exceeds the value of the secondhand item.
- H. Transactions between precious metal dealers if both dealers are licensed under Minnesota Statutes, Section 325F.733, or if the seller's business is located outside of the state and the item is shipped from outside the state to a dealer licensed under Minnesota Statutes, Section 325F.733.
- I. Transactions in which the buyer of the secondhand item containing precious metal is engaged primarily in the business of buying and selling antiques and the items are resold in an unaltered condition except for repair, and the items are resold at retail, and the buyer paid less than \$2,500 for secondhand items containing precious metals purchased within any period of 12 consecutive months.

7. Precious Metals. Silver, gold or platinum.

8. Redemption Period. The date by which an item of property that has been pawned must be redeemed by the pledger without risk that the item will be sold. Such date must be a day on which the pawnbroker or precious metal dealer is open for regular business.

§1125.040. Applications for Licenses. Every application for licenses under this section, whether for a natural person, partnership, corporation or other organization shall be made on a form supplied by the city and shall contain all information as required on that form by law.

§1125.050. Investigation by Police Department. All applications shall be referred to the Police Department for verification and investigation of the facts set forth in the application. The Police Department shall make a written report and recommendation to the City Council as to issuance or non-issuance of the license. The City Council may order and conduct such additional investigation as it deems necessary.

An applicant for any license under this section shall deposit with the city at the time an original application is submitted, \$500 to cover the costs involved in verifying the license application and to cover the expense of any investigation needed to assure compliance with this section. If the investigation and verification process is conducted outside the state of Minnesota, the city may require the actual investigation costs not exceeding \$1,500.

§1125.060 Term of License and Renewals.

1. All licenses issued through this section shall be for a period of 12 months beginning January 1, pro rated on a monthly basis.

2. A license under this section will not be renewed if:

- A. The City Council determines that the licensee has failed to comply with the provisions of this ordinance in a preceding license year.

B. There would be sufficient grounds not to issue a license in the first instance.

§1125.070 License. The license application fees for pawnbrokers and precious metal dealers licenses shall be \$10,000.00.

§1125.080 Persons and Locations Ineligible for Licenses.

1. No licenses under this chapter shall be issued to an applicant who is a natural person, general or managing partner, manager, proprietor or agent if such applicant:

- A. Is a minor at the time the application is filed.
- B. Has been convicted of any offense related to the occupation licensed or involving moral turpitude.
- C. Is not a citizen of the United States or a resident alien.
- D. Is not of good moral character or repute.
- E. Holds an intoxicating liquor license under this Code.
- F. Has had a pawnbroker or precious metal dealer license revoked elsewhere.
- G. Other good and sufficient reason in the sole discretion of the City Council.

2. The following locations shall be ineligible for licenses under this chapter:

- A. No license shall be granted or renewed for operation on any property on which taxes, assessments or other financial claims of the state, county, school district or city are due, delinquent or unpaid.
- B. No license shall be granted or renewed if the property on which the business is to be conducted is owned or controlled by a person who is ineligible for a license.
- C. The property is not properly zoned as B-W, I-1 or I-2 and a conditional use permit has not been granted by the City Council.

3. No license shall be issued for multiple pawnbrokers or precious metal dealers at one location.

§1125.090 Requirements of Licensees.

1. Record Keeping. At the time of receipt of an item of property, whether sold or pawned, the pawnbroker or precious metal dealer shall immediately record, on computer disk or in a book or journal which has page numbers that are pre-printed and in an indelible ink, the following information:

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- A. An accurate description of the item of property including, but not limited to, any trademark,

identification number, serial number, model number, brand, brand name or other identifying mark on such item;

- B. The date and time the item of property was received;
- C. The name, address and date of birth of the person from whom the item of property was received;
- D. The identification number from any of the following forms of identification of the person from whom the item of property was received:
 - 1) A valid driver's license.
 - 2) A valid state picture identification.
 - 3) A photo identification issued by the state of residency of the person from whom the item was received.
- E. The price of the item paid and whether the item was purchased or pawned.

2. Inspection of Records. The pawnbroker or precious metal dealer shall make available the information required in paragraph one of this section at all reasonable times for inspection by the city Police Department or other representative of the city.

The information required in this section shall be retained by the pawnbroker or precious metal dealer for at least five years.

3. Items for Which Daily Reports to Police Are Required. The pawnbroker or precious metal dealer shall submit daily forms to the police regarding the following purchases, sales or pawning:

- A. Any item with a serial number, identification number or "operation identification" number;
- B. Cameras;
- C. Electronic audio or video equipment;
- D. Precious jewelry, gems and metals, including coins containing precious metal;
- E. Artist signed or artist attributed works of art;
- F. Guns;
- G. Any item not included in A-F, above, which the pawnbroker or precious metal dealer intends to sell for more than \$200, except furniture and kitchen or laundry appliances;
- H. All oversized items, currently licensed by the state (such as, but not limited to, watercraft, motor vehicles and trailers) which are subject to redemption, which are stored in a facility outside of the city;

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- I. Any item purchased at wholesale for resale.
- J. Any other item presented for pawning, purchase or sale which the pawnbroker or precious metal dealer has reason to believe is stolen and/or which contains an altered or obliterated serial number, identification number or "operation identification" number.

4. Daily Report Forms. The daily report forms submitted to the city Police Department shall contain all of the information required in paragraph one above.

5. Police Order to Hold Property. Whenever the city Police Department notifies the pawnbroker or precious metal dealer not to sell an item, the item shall not be sold or removed from the licensed premises until authorized to be released by the Police Department.

6. Holding Period of Pawnbrokers. Any item sold or pawned to a pawnbroker for which a report to the police is required under paragraph five of this section shall not be sold or otherwise transferred for 30 days after the date of the sale or pawn. However, an individual may redeem an item pawned 72 hours after the item was received on deposit by the pawnbroker, excluding Sundays and legal holidays.

7. Receipt. The pawnbroker or precious metal dealer shall provide a receipt to the seller or pledger of any item of property received, which shall include:

- A. The name, address and phone number of the pawnbroker or precious metal dealer business;
- B. The date on which the item was received by the pawnbroker or precious metal dealer;
- C. A description of the item received and amount paid to the pledger or seller in exchange for the item pawned or sold;
- D. The signature of the pawnbroker or precious metal dealer or agent;
- E. The last regular business day 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;
- F. The annual rate of interest charged on pawned items received;
- G. The name and address of the seller or pledger.

8. Hours of Operation. No pawnbroker or precious metal dealer shall be open for the transaction of business on any day of the week before 7:00 a.m. or after 10:00 p.m.

9. Minors. The pawnbroker or precious metal dealer shall not purchase or receive personal property of any nature on deposit or pledge from any minor.

10. Inspection of Items. The pawnbroker or precious metal dealer shall at all times during the term of the license, allow the city Police Department to enter the premises where the pawnbroker

or precious metal dealer business is located, for the purpose of inspecting such premises and inspecting the items, wares and merchandise therein for the purpose of locating items suspected or alleged to have been stolen or otherwise improperly disposed of.

11. License Display. A license issued under this section must be posted in a conspicuous place in the premises for which it is used. The license issued is only effective for the compact and contiguous space specified in the approved license application.

12. Maintenance of Order. A licensee under this section shall be responsible for the conduct of the business being operated and shall maintain conditions of order.

13. Prohibited Goods. No licensee under this section shall accept any item of property which contains an altered or obliterated serial number or "operation identification" number or any item of property whose serial number has been removed. The licensee shall report such items to the police.

14. Photograph Requirement for Pawnbrokers and Precious Metals Dealers. A pawnbroker shall take either a photograph or a still video of each person selling or pawning any item of property. If a photograph is taken, it shall be at least two inches in length by two inches in width and shall be immediately developed and referenced with the information regarding the person and the item sold or pawned. The major portion of the photograph shall include a front facial pose. The pawnbroker shall notify the person of the photograph requirement prior to taking his or her photograph. If a still video photograph is taken, the video camera shall zoom in on the person pawning or selling the merchandise so as to include a close up on the person's face. The video photograph shall be referenced by time and date so as to correspond to the merchandise sold or pawned by the person. The pawnbroker shall, by adequate signage, inform the person that he or she is being videotaped. The photographs and videotape shall be kept by the pawnbroker for four months.

15. Holding Period for Precious Metal Dealers. Any item received by a precious metal dealer for which a report to the police is required under paragraph three of this section shall not be sold or otherwise transferred for two weeks after the date of the sale.

16. Storage Sites. Except for items designated in Section 1125.090, 3., H., all items must be stored within the licensed premises building except the city may permit the licensee to designate one locked and secured warehouse building within the city within which the licensee may store only cars, boats and other motorized vehicles. No item may be stored in the designated warehouse building that is not reported in the records pursuant to Section 1125.090, paragraph one, hereof. The licensee shall permit immediate inspection of the warehouse at any time during business hours by the city, and failure to do so is a violation of this ordinance. Oversized items may not be stored in parking lots or other outside areas. All provisions in this section regarding record keeping and reporting shall apply to oversized items.

17. Off Site Sales Storage. All items accepted by a licensee at a licensed location in the city shall be for pledge or sale through a licensed location in the city. No licensee under this section shall sell any items which are transferred from a non-licensed facility or a licensed facility outside the city.

§1125.120 Alarm System Required. An alarm system, professionally installed and approved by the city manager or his/her designee, must be installed at the licensed premises

§1125.130 Suspension or Revocation of License.

1. The City Council may suspend or revoke a license issued under this chapter upon a finding of a violation of 1) any of the provisions of this chapter; 2) any state statute regulating pawnbrokers or precious metal dealers; 3) any state or local law relating to moral character and repute. Any conviction by the pawnbroker or precious metal dealer for theft, receiving stolen property, or any other crime or violation involving stolen property shall result in the immediate suspension pending a hearing on revocation of any license issued hereunder.

2. Except in the case of a suspension pending a hearing on revocation, a revocation or suspension by the City Council shall be preceded by written notice to the licensee and a public hearing. The written notice shall give at least eight days' notice of the time and place of the hearing and shall state the nature of the charges against the pawnbroker or precious metal dealer. The Council may, without any notice, suspend any license pending a hearing on revocation for a period not exceeding 30 days. The notice may be served upon the pawnbroker or precious metal dealer by United States mail addressed to the most recent address of the business in the license application.

§1125.140 Prohibited Acts.

1. No pawnbroker licensed upon this chapter shall:

- A. Lend money on a pledge at a rate of interest above that allowed by law.
- B. Possess stolen goods.
- C. Sell pledged goods before the time to redeem has expired.
- D. Refuse to disclose to the pledger, after having sold pledged goods, the name of the purchaser or the price for which the item sold.
- E. Make a loan on a pledge to a minor or purchase property from a minor.

2. No precious metal dealer licensed under this chapter shall:

- A. Possess stolen goods.
- B. Purchase property from a minor.