

## CHAPTER 22. LICENSING; BUSINESSES & SERVICES

### ARTICLE III. Pawnshop & Pawnbrokers\*

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\*State law references--Pawnbrokers, Minn. Stats. ch. 325J; local regulation of pawnbrokers, Minn. Stats. §§ 325J.02(b), 325J.13.  
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#### **Section 22-81. Definitions.**

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

*Pawnbroker.* Means a person engaged in whole or in part in the business of lending money on the security of pledged goods left in pawn, or in the business of purchasing tangible personal property to be left in pawn on the condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time. The following are not pawnbrokers:

- (a) Any bank regulated by the state, the comptroller of the currency of the United States, the Federal Deposit Insurance Corporation, the board of governors of the Federal Reserve System, or any other federal or state authority and their affiliates;
- (b) Any bank or savings association whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation or any successor to it and all affiliates of those banks and savings associations;
- (c) Any state or federally chartered credit union; and any industrial loan and thrift company or regulated lender subject to licensing and regulation by the state department of commerce.

*Pawnshop.* Means the location at which or premises in which a pawnbroker regularly conducts business.

*Pawn transaction.* Means any loan on the security of pledged goods or any purchase of pledged goods on the condition that the pledged goods are left with the pawnbroker/pawnshop and may be redeemed or repurchased by the seller for a fixed price within a fixed period of time.

*Person.* Means an individual, partnership, corporation, limited liability company, joint venture, trust, association, or any other legal entity, however organized.

*Pledged goods.* Means tangible personal property other than choses in action, securities, bank drafts, or printed evidence of indebtedness, that are purchased by, deposited with, or otherwise actually delivered into the possession of a pawnbroker/pawnshop in connection with a pawn transaction.

**State law reference--**Similar provisions, Minn. Stats. § 325J.01.

#### **Section 22-82. Hours of operation.**

No property shall be received or sold as a pledge or purchase by any pawnbroker/pawnshop before 7:00 a.m., or after 9:00 p.m. on any day. Further, no pawnbroker/pawnshop shall be open for business on Thanksgiving Day or Christmas Day.

**Section 22-83. Records required.**

- (a) Every pawnbroker shall maintain on the premises a record of all transactions of pledged or purchased goods for a period of three (3) years. These records shall be a correct copy of the entries made of the pawn transactions. A pawnbroker shall upon request provide to the Anoka Police Department a complete and accurate record of pawn transactions. If the pawnbroker provides the records in a computerized format, they must be provided in the interchange file specification, as defined in Minnesota Statute 325J.05 (c).
- (b) Each licensee under this article shall keep a record of each transaction made in the course of his business. Such records shall be in a form prescribed by the city clerk and shall, in all instances, be legibly made in ink and be in the English language. The records so kept shall include the following information about each transaction:
  - (1) The full name, home address, home telephone number and business telephone number, and date of birth of the person pledging or selling the item.
  - (2) The time and date of the transaction.
  - (3) A complete and accurate description of the item pledged or sold, including, but not limited to, all identifying numbers and identifying marks, and model and serial numbers if indicated on them.
  - (4) A physical description of the person pawning or selling the item, which may include:
    - a. Race;
    - b. Sex;
    - c. Height;
    - d. Weight;
    - e. Color of eyes;
    - f. Color of hair;
    - g. Other physical characteristics.
  - (5) The amount of money paid or loaned for the item.
  - (6) The signature of the person pledging or selling the item.
  - (7) The identification number from any of the following forms of identification of the seller or pledgor:
    - a. Current valid driver's license containing a picture issued by a province of Canada or a state;
    - b. Current valid photo identification card issued by a province of Canada or a state;
    - c. The identification information from the current valid driver's license or current valid photo identification card must either be stamped or photocopied by the pawnbroker and the actual identification must be displayed to the pawnbroker at the time of the transaction.
  - (8) The maturity date of the pawn transaction and the amount due.
  - (9) The monthly and annual interest rates, including all pawn fees and charges.

- (10) Any other information the police chief shall require.
- (11) A color photograph or color video recording of:
  - a. Each customer involved in a billable transaction.
  - b. Each item pawned or sold that does not have a unique serial or identification number permanently engraved or affixed.
  - c. If a photograph is taken, it must be at least two inches by two inches and maintained in such a manner that the photograph can be readily matched and correlated to all other records of the transaction. Such photograph must be available to the chief of police or his designee upon request. The photograph must include an identifiable front facial close-up of the person and items photographed must be accurately depicted.

**State law references--**Entries on pawn tickets, Minn. Stats. § 325J.04, subd. 1; retention of records, Minn. Stats. § 325J.05(b).

**Section 22-84. Reports to police.**

- (a) Notwithstanding any other ordinance, State Statute, rule, regulation, or Minnesota Statute 352J.13, Pawnbrokers must provide to the Police Department the information required in this Article for all reportable transactions. The pawnbroker must display a sign of sufficient size, and in a conspicuous place on the premises, so as to inform all patrons that transactions are reported to the Police Department on a daily basis. Pawnbrokers must submit every reportable transaction to the Police Department daily as follows:
  - (1) Pawnbrokers must provide to the Police Department the information as required in this Article, (Section 22-83), for all reportable transactions, by transferring it from their computer to the Police Department via modem. All required records must be transmitted completely and accurately after the close of business each day in accordance with standards and procedures established by the Police Department.
  - (2) If a pawnbroker who has consistently report via modem is unable to successfully transfer the required reports by modem, the pawnbroker must provide the Police Department printed copies of all reportable transactions for that day by 12:00 noon the next business day, in writing, on forms approved by the Police Department.
  - (3) All records required by this Article shall be kept at the licensee's place of business for three (3) years and shall be available for Police inspection at any reasonable time.

**Section 22-85. Billable transaction fees.**

In addition to an annual license fee, every licensee shall pay a billable transaction fee for each transaction in an amount set by the Council. The billable transaction fee shall reflect the cost of processing transaction information and other regulatory expenses. The billable transaction fee shall be billed monthly and is due and payable within 30 days of billing. Failure to timely pay the billable transaction fee shall constitute a violation of this article and shall constitute grounds for suspension or revocation of license.

**Section 22-86. Verification of identification of property.**

All employees of a pawnshop shall verify the identification information from any pawned property by personal inspection of the property to determine any serial numbers or other identification information on the property.

**Section 22-87. Printed pawn ticket.**

The following shall be printed on all pawn tickets:

- (a) The statement that "Any personal property pledged to a pawnbroker within this state is subject to sale or disposal when there has been no payment made on the account for a period of not less than 60 days past the date of the pawn transaction, renewal, or extension; no further notice is necessary. There is no obligation for the pledgor to redeem pledged goods."
- (b) The statement that "The pledgor of this item attests that it is not stolen, it has no liens or encumbrances against it, and the pledgor has the right to sell or pawn the item."
- (c) The statement that "This item is redeemable only by the pledgor to whom the receipt was issued, or any person identified in a written and notarized authorization to redeem the property identified in the receipt, or a person identified in writing by the pledgor at the time of the initial transaction and signed by the pledgor. Written authorization for release of property to persons other than the original pledgor must be maintained along with the original transaction record."
- (d) A blank line for the pledgor's signature.

**State law reference**--Similar provisions, Minn. Stats. § 325J.04, subd. 2.

**Section 22-88. Holding of property.**

When the Chief of Police, or any member of the police force designated by the Chief of Police, notifies any pawnbroker not to sell any property received on deposit or purchased by him, or not to permit the same to be redeemed, the pawnbroker shall not sell nor permit such property to be redeemed until such property is released in writing by the Chief of Police, or their designee.

A copy of the records required by this Chapter must be made available to the Chief of Police, or their designee, upon written request of the Police Chief or their designee.

The following hold limits are placed on personal property deposited with or purchased by any licensee under this Chapter:

Buys: thirty (30) days after a copy of the records required by this Chapter have been made available to the Chief of Police, or his designee, except upon written permission of the Chief of Police or his designee.

Pawns: Sixty (60) days after a copy of the records required by this Chapter have been made available to the Chief of Police, or his designee, except upon written permission of the Chief of Police or his designee.

**State law reference**--Similar provisions, Minn. Stats. § 325J.06.

**Section 22-89. Redemption.**

Any person who pawns an item shall have at least 30 days to redeem the item before it may be sold. Only the person who pawned the property and displayed identification to the pawnbroker or any person with the written consent of the person who pawned the property shall redeem the pawned property.

**Section 22-90. Effect of non-redemption.**

- (a) A pledgor shall have no obligation to redeem pledged goods or make any payment on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of the pawn transaction, renewal, or extension shall automatically be forfeited to the pawnbroker, and qualified right, title, and interest in and to the goods shall automatically vest in the pawnbroker.
- (b) The pawnbroker's right, title, and interest in the pledged goods under subsection (a) of this section is qualified only by the pledgor's right, while the pledged goods remain in possession of the pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees and/or interest accrued up to the date of redemption.
- (c) A pawn transaction that involves holding only the title to property is subject to Minn. Stats. Chs. 168A or 336.

**State law reference--**Similar provisions, Minn. Stats. § 325J.06.

**Section 22-91. Permitted charges.**

- (a) A pawnbroker may contract for and receive a pawnshop charge not to exceed three percent per month of the principal amount advanced in the pawn transaction plus a reasonable fee for storage and services. A fee for storage and services may not exceed \$20.00 if the property is not in the possession of the pawnbroker.
- (b) The pawnshop charge allowed under subsection (a) of this section shall be deemed earned, due, and owing as of the date of the pawn transaction and a like sum shall be deemed earned, due, and owing on the same day of the succeeding month. However, if full payment is made more than two weeks before the next succeeding date, the pawnbroker shall remit one-half of the pawnshop charge for that month to the pledgor.
- (c) Interest shall not be deducted in advance, nor shall any loan be divided or split so as to yield greater interest or fees than would be permitted upon a single, consolidated loan or for otherwise evading any provisions of this section.
- (d) Any interest, charge, or fees contracted for or received, directly or indirectly, in excess of the amount permitted under this section, shall be uncollectible and the pawn transaction shall be void.
- (e) A schedule of charges permitted by this section shall be posted on the pawnshop premises in a place clearly visible to the general public.

**State law reference--**Similar provisions, Minn. Stats. § 325J.07.

**Section 22-92. Prohibited transactions.**

No pawnbroker shall knowingly purchase or receive on deposit or pledge anything of value as security for a loan of money from any person under lawful age, nor from intoxicated persons, those of unsound mind, or from any individual with a criminal record relating to a theft-related offense.

**State law reference--**Transactions with minors, Minn. Stats. § 325J.(5).

**Section 22-93. Prohibited acts.**

A pawnbroker and any clerk, agent, or employee of a pawnbroker shall not:

- (a) Make any false entry in the records of pawn transactions;

- (b) Falsify, obliterate, destroy, or remove from the place of business the records, books, or accounts relating to the licensee's pawn transactions;
- (c) Refuse to allow the chief of police, the attorney general, or any other duly authorized state or federal law enforcement officer to inspect the pawn records or any pawn goods in the person's possession during the ordinary hours of business or other times acceptable to both parties;
- (d) Make any agreement requiring the personal liability of a pledgor or seller, or waiving any provision of this section, or providing for a maturity date less than one month after the date of the pawn transaction;
- (e) Fail to return pledged goods to a pledgor or seller, or provide compensation as set forth in this chapter, upon payment of the full amount due the pawnbroker unless either the date of redemption is more than 60 days past the date of the pawn transaction, renewal, or extension and the pawnbroker has sold the pledged goods pursuant to this chapter, or the pledged goods have been taken into custody by a court or a law enforcement officer or agency;
- (f) Sell or lease, or agree to sell or lease, pledged or purchased goods back to the pledgor or seller in the same, or a related, transaction;
- (g) Sell or otherwise charge for insurance in connection with a pawn transaction; or
- (h) Remove pledged goods from the pawnshop premises or other storage place approved by the City at any time before the expiration of the redemption period pursuant to Minnesota Statute 325J.06. However, (i) a pawnbroker is permitted to return pledged goods to the borrower at any time during the redemption period, (ii) a pawnbroker is permitted to sell the pledged goods or remove the pledged goods from the pawnshop premises or other storage place at any time after the expiration of the redemption period set forth in Minnesota Statutes 325J.06, and (iii) a pawnbroker who purchases goods not involving a pawn transaction is permitted to sell or remove the purchased goods from the pawnshop premises or other storage place thirty-one (31) days or later from the purchase transaction date.
- (i) Fail to maintain a record of each pawn transaction for three (3) years.
- (j) Accept a pledge or purchase from a person under the age of eighteen (18) years.

**State law reference--**Similar provisions, Minn. Stats. § 325J.08.

**Section 22-94. Redemption; risk of loss.**

Any person to whom the receipt for pledged goods was issued, or any person identified in a written and notarized authorization to redeem the pledged goods identified in the receipt, or any person identified in writing by the pledgor at the time of the initial transaction and signed by the pledgor shall be entitled to redeem or repurchase the pledged goods described on the ticket. In the event the goods are lost or damaged while in possession of the pawnbroker, the pawnbroker shall compensate the pledgor, in cash or replacement goods acceptable to the pledgor, for the fair market value of the lost or damaged goods. Proof of compensation shall be a defense to any prosecution or civil action.

**State law reference--**Similar provisions, Minn. Stats. § 325J.09.

**Section 22-95. Motor vehicle title pawn transactions.**

- (a) In addition to the other requirements of this article, a pawnbroker who holds a title to a motor vehicle as part of a pawn transaction shall:
  - (1) Be licensed as a used motor vehicle dealer under Minn. Stats. § 168.27, and post such license on the pawnshop premises;
  - (2) Verify that there are no liens or encumbrances against the motor vehicle with the department of public safety; and
  - (3) Verify that the pledgor has automobile insurance on the motor vehicle as required by law.
- (b) A pawnbroker may not sell a motor vehicle covered by a pawn transaction until 90 days after recovery of the motor vehicle.

**State law reference**--Similar provisions, Minn. Stats. § 325J.095.

**Section 22-96. Conduct of persons on licensed premises.**

- (a) No person may pawn, pledge, sell, leave, or deposit any article of property of another person or entity, whether with or without their permission, nor shall any person pawn, pledge, sell, leave, or deposit any article of property in which another has a security interest with any licensee.
- (b) No minor may pawn, pledge, sell, leave, or deposit any article of property with any licensee.
- (c) No person may pawn, pledge, sell, leave, or deposit any article of property with any licensee without first having presented a current valid photo driver's license or current valid picture identification card.
- (d) All licensees shall by adequate signage and separate written notice inform persons seeking to pawn, pledge, sell, leave, or deposit articles of property with the licensee of the requirements of this section. For the purpose of this section the term "adequate signage" shall be deemed to mean at least one sign, of not less than four square feet in surface area, comprised of lettering of not less than three-quarters of an inch in height, posted in a conspicuous place on the licensed premises and stating substantially 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.

For the purpose of this section the term "separate written notices" shall be deemed to mean either the receipt, or a printed form incorporating a statement to the effect that the person pawning, pledging, selling, 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; which is acknowledged by way of signature of the person pawning, pledging, selling, leaving, or depositing the article.

- (e) No person seeking to pawn, pledge, sell, leave, or deposit any article of property with any licensee shall 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 driver's license or identification card to any licensee.

- (f) Violations of this section shall constitute a misdemeanor.

**Sections 22-97 thru 22-115. Reserved.**

**Section 22-116. License Required.**

- (a) A person shall not engage in business as a pawnbroker or otherwise portray the person as a pawnbroker unless the person has a valid license authorizing engagement in the business. Any pawn transaction made without benefit of a license is void.
- (b) A separate license is required for each place of business. The city may issue more than one license to a person if that person complies with this article for each license.

**State law reference--**Similar provisions, Minn. Stats. § 325J.02(b), (c).

**Section 22-117. Application procedure.**

- (a) Every applicant for a license to maintain, operate, or conduct a pawnbroker shop shall file a completed application with the City upon a form provided by the office of the city clerk and pay a nonrefundable application fee in an amount set by the council. The application, once accepted, shall be investigated by the City. Copies of this application shall be forwarded to such other City departments as the City shall deem necessary for verification and investigation of the facts set forth in the application. A written recommendation to the City Council as to the issuance or non-issuance of the license shall be presented at a regularly scheduled City Council meeting within thirty (30) days of the City's acceptance of the application.
- (b) The completed application form shall contain all information indicated, including, but not limited to, the following:
- (1) Name, place, date of birth, and street residence of the applicant and any and all managers, employees or agents to be employed at the pawn shop. This information shall be supplemented and updated when a new employee is hired by the pawnshop.
  - (2) The business address and the name and address of the owner of the premises.
  - (3) A statement as to whether the applicant and any employee has ever been convicted of any crimes and, if so, the state and county of conviction, the date of conviction, and the specific crime so convicted.
  - (4) Whether the applicant is a natural person, corporation, or partnership.
    - a. If the applicant is a corporation, the state of the incorporation and the names and addresses of all officers and directors.
    - b. If the applicant is a partnership, the names and addresses of all partners.
  - (5) The name, address and home phone number of the manager or proprietor of the business.

- (c) If the applicant is a natural person, the application shall be signed and sworn to by the person; if a corporation, by an agent authorized to sign; if a partnership, by a partner.
- (d) No person shall make any false statement in the application. The making of any false statement in any application is a misdemeanor, and in addition to all other penalties, the licensee's license may be revoked by the city council for giving any false information on the application.
- (e) A new application fee shall be required whenever there is any change in the facts presented by the application other than date, applicants' home address or building owners' address, or in the case of any license not renewed prior to its' expiration.

**Section 22-118.**

**Bond.**

- (a) Each application shall be accompanied by a bond in the amount of \$5,000.00 executed by a corporation authorized to do business in this state and conditioned that in conducting such business the licensee will observe all laws in relation to pawnbrokers, and will conduct business in conformity thereto, and that the licensee will account for and deliver to any person legally entitled any goods which have come into the licensee's hand through the licensee's business as a pawnbroker, or in lieu thereof, will pay the reasonable value in money to the person.
- (b) The bond shall be maintained so long as the pawnbroker does business as such for the benefit of the city or any person who shall suffer any damage through the act of such pawnbroker and shall not be terminable without advance of termination to the city clerk.

**Section 22-119.**

**Licensee eligibility.**

- (a) To be eligible for or to maintain a pawnbroker license, a person must operate lawfully and fairly within the purposes of this article and:
  - (1) May not be a minor at the time that the application for a pawnbroker's license is filed;
  - (2) May not have been convicted of any crime directly related to the occupation licensed as prescribed by Minn. Stats. § 364.03, subd. 2, unless the person has shown competent evidence of sufficient rehabilitation and present fitness to perform the duties of a licensee under this article as prescribed by Minn. Stats. § 364.03, subd. 3; and
  - (3) Must be of good moral character or repute.
- (b) Any change, directly or beneficially, in the ownership of any licensed pawnshop shall require the application for a new license and the new owner must satisfy all current eligibility requirements.

**Section 22-120.**

**Compliance with zoning ordinance.**

No pawnbroker license shall be granted for a location where a pawnshop would not be allowed under City Zoning Regulations or Minnesota Statute.

**State law reference--**Similar provisions, Minn. Stats. § 325J.03.

**Section 22-121. Number of licenses.**

No more than two pawnbroker licenses shall be issued by the city at any time and priority shall be given to qualified applicants for renewal of existing licenses.

**Section 22-122. Annual fee.**

The annual fee to be paid to the city for the license required by this Article shall be as established by the council.

**Section 22-123. Transfer.**

A license under this division shall authorize the licensee to carry on its business only at the permanent place of business designated in the license. No license may be transferred to a different location or a different licensee.

**Section 22-124. Continuing effect of license.**

Each license shall remain in full force and effect until surrendered, suspended, revoked, or expired.

**State law reference--**Similar provisions, Minn. Stats. § 325J.02(d).

**Section 22-125. Expiration.**

All licenses shall expire at the end of each calendar year.

**Section 22-126. Pre-existing contracts.**

No expiration, revocation, suspension, or surrender of any license shall impair or affect the obligation of any preexisting lawful contract between the licensee and any pledgor.

**State law reference--**Similar provisions, Minn. Stats. § 325J.02(e).

**Section 22-127. Notification to police of expiration, suspension, revocation, etc.**

The police shall be notified by the city of any licensee whose license has expired or been surrendered, suspended, or revoked as provided by this article.

**State law reference--**Similar provisions, Minn. Stats. § 325J.02(f).

**Section 22-128. Denial, suspension, or revocation of license.**

- (a) Any license under this article may be denied, suspended, or revoked by the City Council.
- (b) Any fee paid to the City for a license will be forfeited to the City upon denial, suspension or revocation of the license.
- (c) The City Council may appoint an administrative hearings officer to hear testimony, present findings, conclusions and make recommendations to the City Council regarding the denial, suspension or revocation of a license for the City Council's consideration.

**Section 22-129. Temporary suspension of license.**

- (a) The chief of police may temporarily suspend the license of a pawnshop for a period not to exceed five business days for the following reasons:

- (1) Filing false information in the course of the application.
  - (2) Failure to inform the City of the required information when hiring a new employee.
  - (3) Conviction of any crime by the licensee or employee, of any law relating to theft, damage or trespass to property, sale of a controlled substance or operation of a business.
  - (4) Failure to comply with any provisions of this article.
- (b) Within the then (10) business days, the City Council may conduct a hearing to consider further suspension or revocation of the license.

**State law references--**Pawnbrokers, Minn. Stats. ch. 325J; local regulation of pawnbrokers, Minn. Stats. §§ 325J.02(a), 325J.13.

**Sections 22-130 thru 22-150. Reserved.**