Chapter 15 - PAWNBROKERS AND SECONDHAND DEALERS

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5-15-1: - Definitions.

As used in this section, the following terms shall have the meanings indicated:

Contract for Purchase: A contract entered into between a pawnbroker and a customer pursuant to which money is advanced to the customer by the pawnbroker on the delivery of tangible personal property by the customer to the pawnbroker on the condition that the customer, for a fixed price and within a fixed period of time, not to exceed ninety (90) days, has the option to cancel the contract and recover from the pawnbroker the tangible personal property.

Fixed Price: The amount agreed upon to cancel a contract for purchase during the option period. Said fixed price shall not exceed:

(1)
One-tenth (1/10) of the original price for each month, plus the original purchase price, on amounts of fifty dollars ($50.00) or over; or

(2)
One-fifth (1/5) of the original purchase price for each month, plus the original purchase price, on amounts under fifty dollars ($50.00).

Fixed Time: That period of time, not to exceed ninety (90) days, as set forth in a contract for purchase, within which the customer may exercise an option to cancel the contract for purchase.

Local Law Enforcement Agency: Any marshal's office, police agency, or sheriff's office with jurisdiction in the locality in which the customer enters into a contract for purchase or a purchase transaction.

Option: The fixed time and the fixed price agreed upon by the customer and the pawnbroker in which a contract for purchase may be, but does not have to be, rescinded by the customer.

Pawnbroker: A person regularly engaged in the business of making contracts for purchase or purchase transactions in the course of business. This section shall not apply to secondhand dealers unless specifically adopted by another section.

Person: Any individual, firm, partnership, association, corporation, company, organization, group or entity of any kind.

Police Department: The Department of Police for the City of Englewood.

Purchase Transaction: The purchase by a pawnbroker in the course of business or tangible personal property for resale, other than newly manufactured tangible personal property which has not previously been sold at retail, when such purchase does not constitute a contract for purchase.

Secondhand Goods: Includes any tangible personal property not sold as new and normally having been used by one or more intermediaries. Secondhand property does not include items that were sold as new and returned by the customer for exchange or refund. Also, secondhand property does not include reconditioned property purchased from a wholesaler.

Secondhand Dealer: A person engaged in the business of buying and selling or reselling secondhand goods.

Tangible Personal Property: All personal property other than choses in action, securities, or printed evidences of indebtedness, which property is deposited with or otherwise actually delivered into the possession of a pawnbroker in the course of business in connection with a contract for purchase or purchase transaction.

(Ord. 97-46; Ord. No. 00-43; Ord. 08-5, § 3)

5-15-2: - Licensing Required.

It shall be unlawful for any person to offer or provide the services of a pawnbroker without first obtaining a license. A secondhand dealer is not required to be licensed but is required to follow any and all requirements in this Chapter.

(Ord. 97-46; Ord. No. 00-43)

5-15-3: - Application for License.

Pawnbroker licenses shall be issued in accordance with Chapter 1, of this Title.

(Ord. 97-46)

5-15-4: - Special Conditions and Restrictions of the License.

In addition to the requirements in Chapter 1 of this Title, the following special conditions or restrictions apply:

A.

Every licensee shall display a valid license in a conspicuous place within the pawnbrokers establishment so it may be readily seen by persons entering the premises.

B.

License Not Transferable: Any license issued pursuant to this Chapter shall not be transferable. Any such license may not be transferred to either another person or a location other than that listed in the license application. Any change in the partners of a partnership or in officers, directors, or holders of ten percent (10%) or more of the stock of a corporate licensee holding a Pawnbroker License shall result in termination of the license of the partnership or corporation unless a written amendment to the original application is submitted within thirty (30) days of the change and approved by the Licensing Officer.

C.

Bond Required: As part of the licensing process, the applicant shall furnish a good and sufficient bond in a sum to be determined by the City and set by resolution. Such bond shall be conditioned upon the faithful observance of the requirements of this Chapter and conditioned upon the safekeeping or return of all articles in pledge by such pawnbroker.

D.

Insurance Required: As part of the licensing process, the applicant shall provide fire and property damage insurance for all property the pawnbroker holds by contract, in the minimum amount of one-half (˝) of such property's contracted value in case of damage or destruction. The applicant must provide the Licensing Officer proof of such insurance coverage before a Pawnbroker License is issued. Proof of this insurance coverage must be provided each time a request for a renewal is filed with the Licensing Officer.

E.

Background Investigation: Applicants will be subject to a police background investigation as part of the application process.

F.

Change of Ownership or Management:

1.

A pawnbroker may employ a manager to operate the business, provided the pawnbroker retains complete control of all aspects of the business, including but not limited to, the pawnbroker's right to possession of the premises, his/her responsibility for all debts, and the pawnbroker must bear all risk of loss or opportunity for profit from the business.

2.

In the event of a change of owner, officer, director, or holder of more than ten percent (10%) of the shares of stock of a corporate license holder, partner of a partnership, or manager; disclosure in writing by amendment of the original application for the issuance of a pawnbroker's license thereof shall be made to the Licensing Officer within thirty (30) days of the change.

3.

Notwithstanding any other provisions of this Section, neither a new license nor an amendment to an existing license shall be required upon any change, directly or beneficially, in the ownership of any licensed pawnshop, which is owned directly or beneficially by a person that as an issuer of a class of securities registered pursuant to Section 12, of the Securities Exchange Act of 1934 (the "Act") or is an issuer of securities which is required to file reports with the Securities and Exchange Commission pursuant to Section 15(d) of the Act, provided that such person files with the commissioner such information, documents and reports as are required by the provisions of the act to be filed by such issuer with the Securities and Exchange Commission. Such issuer shall file with the Licensing Officer information on managers, officers and directors of such issuer of any licensed or intermediate subsidiary as is otherwise required of managers, officers and directors of corporate pawnbrokers.

4.

The applicant or license holder shall pay a fee for amendment of the application, which fee shall be determined by the City and set by resolution. The new manager shall be photographed, fingerprinted and investigated as required in this Code.

G.

Required Acts:

1.

A pawnbroker or secondhand dealer shall keep a numerical register in which shall be recorded the following information: the name, address, and date of birth of the customer; the customer's driver's license number or

other identification number from any other form of identification which is allowed for sale of valuable articles pursuant to Colorado Revised Statutes, or for the sale of secondhand property pursuant to Colorado Revised Statutes; the date, time and place of the contract for purchase or purchase transaction; and an accurate and detailed account and description of each item of tangible personal property, including, but not limited to, any trademark, identification number, serial number, model number, brand name, or other identifying marks on such property. The pawnbroker shall also obtain a written declaration of the customer's ownership which shall state that each piece of tangible personal property is totally owned by the customer, or shall have attached to such declaration a power of sale from the partial owner to the customer, how long the customer has owned each piece of property, whether the customer or someone else found the property, and, if the property was found, the details of the finding.

2.

If the contract for purchase or other purchase transaction involves more than one item, each item shall be recorded on the pawnbroker's or secondhand dealer's register and on the customer's declaration of ownership.

3.

The customer shall sign his or her name in such register and on the declaration of ownership and receive a copy of the contract of purchase or a receipt for the purchase transaction.

4.

The customer shall affix a right index fingerprint to the declaration of ownership.

5.

Such register shall be made available to any local law enforcement agency for inspection at any reasonable time.

6.

The pawnbroker or secondhand dealer shall keep each register for at least three (3) years after the date of the last transaction entered in the register.

7.

A pawnbroker shall hold all contracted goods within his/her jurisdiction for a period of ten (10) days following the maturity date of the contract for purchase, during which time such goods shall be held separate and apart from any other tangible personal property, and shall not be changed in form or altered in any way.

8.

A pawnbroker shall hold all property purchased by him/her through a purchase transaction for thirty (30) days following the date of purchase, during which time such property shall be held separate and apart from any other tangible personal property, and shall not be changed in form or altered in any way.

9.

Every pawnbroker shall provide the local law enforcement agency, on a weekly basis, with two (2) copies of the records, on a form to be provided or approved by the local law enforcement agency, of all tangible personal property accepted during the preceding week and one copy of the customer's declaration of ownership form. The form shall contain the same information required to be recorded in the pawnbroker's register pursuant to this Section. The local law enforcement agency shall designate the date of the week on which the records and declarations shall be submitted.

10.

Every pawnbroker shall clear, through the City, prior to release, all firearms, other than those which are newly manufactured and which have not been previously sold at retail.

11.

Every pawnbroker shall pay a fee for every transaction form submitted to the City. This fee is imposed to offset the cost of administering this license. This fee shall be determined by the City and set by resolution.

12.

Every pawnbroker shall, at his/her expense, keep records or provide reports in such manner and by such methods as may be determined from time to time by the Licensing Officer.

H.

Prohibited Acts:

1.

No pawnbroker, employee, or agent of the pawnbroker or secondhand dealer shall enter into a contract for purchase or purchase transaction with any person under the age of eighteen (18) years or with any person under the influence of alcoholic beverage or drugs.

2.

No pawnbroker, employee, or agent of the pawnbroker or secondhand dealer shall enter into a contract for the purchase or purchase transaction with any person known to that employee or agent to be a thief or to have been convicted of larceny or burglary, without first notifying the Police Department. Such notice shall not be deemed as authorization by the City for the pawnbroker or secondhand dealer to enter into any contract with such person.

3.

No pawnbroker shall take any tangible personal property from a customer on consignment.

4.

With respect to a contract for purchase, no pawnbroker, employee or agent of a pawnbroker may permit any customer to become obligated on the same day in any way under more than one contract for purchase

agreement with the pawnbroker which would result in the pawnbroker obtaining a greater amount of money than would be permitted if the pawnbroker and customer had entered into only one contract for purchase covering the same tangible personal property.

5.

No pawnbroker, employee or agent of a pawnbroker shall violate the terms of the contract for purchase.

6.

No pawnbroker, employee or agent of a pawnbroker or secondhand dealer shall enter into a contract for purchase or purchase transaction for any tangible personal property wherein the identification number, serial number, model number, brand name, owner's identification number or other identifying marks on such property have been totally or partially obscured.

7.

No pawnbroker, employee or agent of a pawnbroker shall enter into a contract for purchase or a purchase transaction when the property, which is the subject of the contract for purchase or purchase transaction, is other than tangible property.

8.

No pawnbroker, employee or agent of a pawnbroker shall ask, demand or receive any greater rate of interest, commission and compensation than the total rate of one-tenth (1/10) of the original purchase price for each month, plus the original purchase price, on amounts of fifty dollars ($50.00) or over, or one-fifth (1/5) of the original purchase price for each month, plus the original purchase price on amounts under fifty dollars ($50.00). No other charges shall be made by the pawnbroker upon renewal of any contract for purchase or at any other time. In the event any such charges are made, the contract shall be void. Any contract for the payment of commissions by the customer for making a contract for purchase or tangible personal property shall be null and void.

I.

Hold Orders and Surrender of Property:

1.

Any law enforcement officer may order a pawnbroker to hold any tangible personal property deposited with or in the custody of any pawnbroker or secondhand dealer for purposes of further investigation. A hold order shall be effective upon verbal notification to the pawnbroker or secondhand dealer. No sale or other imposition may be made of such property held by any pawnbroker or secondhand dealer while the hold order remains outstanding. A hold order shall supersede all other provisions of this Chapter, and any sale or other disposition of the property after the pawnbroker or secondhand dealer has been notified of a hold order shall be unlawful and a violation of this Section.

2.

If any law enforcement officer determines that any article of personal property held by a pawnbroker or secondhand dealer is stolen or illegally obtained property, such officer may immediately confiscate such property and must provide the pawnbroker or secondhand dealer with a receipt and case report number.

J.

Liability of Pawnbroker:

1.

A pawnbroker or secondhand dealer who accepts any article in a purchase or contract of purchase transaction from a customer who is not the owner thereof obtains no title in the article either by reason of the expiration of the contract or by transfer of the receipt to the pawnbroker by the customer or holder thereof. Ignorance of the fact that the article was lost or stolen shall not be construed to effect the question of the title. If the pawnbroker shall sell such article to a third person, the pawnbroker shall recover the article or reimburse the fair market value of the article. The lawful owner may, upon proof of his or her ownership of the article lost or stolen, claim the same from the pawnbroker or secondhand dealer or recover the same by the appropriate legal means including, without limitation, forfeiture of the fair market value of such article out of the bond required by Section 5-15-4(C).

2.

A pawnbroker shall be liable for the loss of tangible personal property or part thereof or for damages thereto, whether caused by fire, theft, burglary or otherwise, resulting from his or her failure to exercise reasonable care in regard to it.

K.

Hours of Pawnbrokers: It is unlawful for any pawnbroker to operate during the following hours and on the following days:

1.

After ten o'clock (10:00) p.m. and before eight o'clock (8:00) a.m., Monday through Saturday.

2.

On Sunday.

(Ord. 97-46; Ord. 99-17; Ord. 00-43; Ord. 08-5, § 3; Ord. 09-10, § 1)