

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 03/24/2014

Item No.: 14.b

Department Approval



City Manager Approval



Item Description: Discuss Updating City Code Chapter 311, Business Regulation, Pawn Brokers and Precious Metal Dealers

BACKGROUND

The Roseville Police Department participates in *Problem Oriented Policing*, an approach based on the following principles:

- Law Enforcement responses alone are seldom effective in reducing or solving problems
- Heavy dependence on strong, mutually trusting partnerships among constituencies, partnerships in which each party assumes its fair share of responsibility
- An overriding goal to adopt responses to community problems that are more equitable and effective for the community as a whole than are current responses

Automated Property System (APS), a product of the Minneapolis Police Department, is the oldest database (1997) of its type in the United States. Minneapolis is a country-wide leader in developing this database which was originally geared toward the pawn industry and has now been expanded to recognize secondhand goods and precious metals dealers. Minneapolis recognized that stolen property could be sold to secondhand goods and precious metals dealers as done with pawn brokers. APS is utilized by over 260 law enforcement agencies in Minnesota and Wisconsin and is the most effective way in this area to link pawn, secondhand and precious metal dealer transactions with law enforcement.

Numerous studies have been conducted which show databases like APS are effective in combating property crimes, holding offenders accountable and returning property to its rightful owner. One study published by the *Journal of Research in Crime and Delinquency* (1) made a number of observations to include:

- The population of prolific pawners contains a large segment of people with robust arrest records
- Regulation enforcement of pawn shops has been effective, but only to the extent of displacing part of the trade to other, less regulated enterprises, such as secondhand, precious metal and antique dealers

In 2011, the current City Code, Chapter 311, Pawn Brokers and Precious Metal Dealers was changed to limit one pawn shop in Roseville after the community raised concerns over crime and disorder that can follow the pawn industry, which are dealers of secondhand goods. In 2011, the Roseville Police Department estimated twenty-five percent of one detective's time was spent monitoring the City's one

1. Where have all the Hot Goods Gone? The Role of Pawnshops, Journal of Research in Crime and Delinquency, 2004,

pawn shop and APS.

Current City Code, Chapter 311, Pawn Brokers and Precious Metal Dealers was updated in 2002 to incorporate APS in Roseville. Pawn America and precious metal dealers were mandated to comply with Code 311. However, today only Pawn America- which also holds a Precious Metal Dealer license from the City- complies with the Precious Metal Dealer requirements and pays the appropriate City fees. Internet research indicates at least 14 other businesses currently purchase gold and/or coins and do not comply with the City Code, Chapter 311. In the past few years, Roseville Finance and Police elected not to enforce the annual license fee, APS reporting and transaction fees to new precious metal dealers opening in Roseville due to the pre-existing precious metal dealers not in compliance with City code as it would have created an unfair business climate.

The Police Department is confident the likelihood of recovering stolen property and apprehending suspects will increase if precious metal dealers and secondhand stores report applicable transactions. Many studies, along with information gathered by Roseville Police investigations, indicate the criminals who steal property are interested in obtaining cash for that property as soon as possible. Illegal narcotics use often fuels the desire to steal. In the past few years, police throughout Ramsey County have seen a dramatic increase in thefts of consumer electronics and jewelry. There also has been an increase in locations and types of businesses where thieves can quickly sell these items.

On February 14, 2014, the Police Department sent letters to twenty-seven Roseville businesses involved in purchasing secondhand goods and precious metals. The businesses were chosen following an internet search of their business practices and general knowledge of the community. All were presented information on a future meeting and frequently asked questions about APS, etc.

On March 5th, the Police Department hosted a meeting to inform the potentially affected businesses. At least twenty-three business representatives attended the meeting. The meeting also provided the businesses representatives with an opportunity to ask questions about APS, see a demonstration of how to enter transaction data into a free website that interfaces with APS, and a brief list of exempted transactions. The Police Department collected contact information to keep the interested businesses informed of the progress of the potential ordinance change.

Police Department research yielded several city ordinances to serve as foundation for the potential changes to Roseville Ordinance. The City of Bloomington was selected as the main contributor. The City Attorney has drafted the ordinance language listed in Attachment A. Input from businesses was considered in the draft language. Secondhand goods exempted from APS reporting in the draft ordinance language include: books, magazines, DVDs, CDs, clothing, sporting goods- except bicycles, children's goods, furniture, cookware, automobiles, along with other exempted items.

Included as Attachment B is summary information on metro cities that do or do not mandate APS reporting of pawn brokers, second hand and precious metal dealers as well as their respective annual and per item APS transaction fees.

Included as Attachment C is a map of metro city ordinances addressing pawn brokers, secondhand and precious metal dealers. Roseville is nearly surrounded by ordinances which require pawn brokers, secondhand and precious metal dealers report to APS.

OBJECTIVE

81 If enacted, the Police Department expects to fund an additional police officer position that will focus on
82 stolen property, holding offenders accountable and returning property to its rightful owner.

83 **FINANCIAL IMPACTS**

84 If enacted, APS fees received will be diverted from the City's General Fund and no expected increase
85 to the Police Department budget.

86 **STAFF RECOMMENDATION**

87
88 Council discussion and direction to staff of potential changes to Chapter 311, Business Regulation
89 Pawn brokers and Precious Metal Dealers
90

91 **REQUESTED COUNCIL ACTION**

92
93 Council discussion and direction to staff of potential changes to Chapter 311, Business Regulation
94 Pawn brokers and Precious Metal Dealers
95

96 Prepared by: Rick Mathwig, Chief of Police
Attachments: A. Draft Ordinance, Chapter 311
B. Summary data of metro pawn, secondhand and precious metal dealers
C. Map of metropolitan area depicting pawn broker, secondhand and precious metal dealer ordinances

SECTION:

- 311.01: Purpose
- 311.02: Definitions
- 311.03: License Required
- 311.04: Application for License
- 311.05: Investigation by Police Department
- 311.06: Term of License and Renewals
- 311.07: License Fees
- 311.075: Billable Transaction Fees
- 311.076: Bond Required
- 311.08: Ineligible Persons and Locations
- 311.09: Requirements of Licensees
- 311.10: Alarm System Required
- 311.11: Suspension or Revocation of License
- 311.12: Prohibited Acts
- 311.13: Adoption of Statutes by Reference

311.01: PURPOSE:

The City Council finds that pawnbroker, precious metal dealer, and secondhand good 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.

To help the police department better regulate current and future pawn, precious metal and secondhand good businesses, decrease and stabilize costs associated with the regulation of such industries, and increase identification of criminal activities in such industries through the timely collection and sharing of pawn transaction information, this chapter also implements and establishes the required use of the automated pawn system (APS). (Ord. 1275, 11-18-2002)

311.02: DEFINITIONS:

As used in this chapter, the following words and terms shall have the meanings ascribed to them in this section:

ACCEPTABLE IDENTIFICATION: Acceptable forms of identification are a current valid Minnesota driver's license, a current valid Minnesota identification card, or a current valid photo driver's license or identification card issued by another state or province of Canada.

BILLABLE TRANSACTIONS: Every reportable transaction conducted by a pawnbroker, precious metal dealer and secondhand goods dealer except renewals, redemptions, or extensions of existing pawns on items previously reported and continuously in the licensee's possession, and non-billable secondhand goods transactions as defined in this Section.

ISSUING AUTHORITY: The City of Roseville.

ITEM CONTAINING PRECIOUS METAL: An item made in whole or in part of metal and containing more than one percent (1%) by weight of silver, gold or platinum.

MINOR: Any natural person under the age of eighteen (18) years.

NON-BILLABLE SECONDHAND GOODS TRANSACTION: Every reportable transaction under Section 311.09 conducted by a secondhand goods dealer for which a transaction fee under Section 311.075 is not required due to the transaction price paid by the secondhand goods dealer failing to surpass the minimum billable transaction threshold established within Chapter 314 of this Title.

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 same 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. To the extent that a pawnbroker business includes buying personal property previously used, rented, or leased, the provisions of this chapter shall be applicable. Pawnbroker does not include businesses or persons who engage in transactions in which a used or secondhand item is exchanged for a new item and the value of the new item exceeds the value of the secondhand item, or who buys and sells used goods or equipment of a specialized nature such as exercise or sporting equipment, or children's clothes. A bank, savings and loan association or credit union shall not be deemed a pawnbroker for purposes of this chapter.

PAWNSHOP: Any business establishment operated by a pawnbroker.

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.

PRECIOUS METAL DEALER: Any person engaging in the business of buying coins or secondhand 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, except that precious metal dealers must comply with the requirements of Minnesota statutes, sections 325F.734 to 325F.742, for these transactions.

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, sweepscraps 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.

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, except that a person who is a precious metal dealer by engaging in a transaction which is not exempted by this section must comply with the requirements of Minnesota statutes, sections 325F.734 to 325F.742.

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 \$2,500.00 for secondhand items containing precious metals purchased within any period of twelve 12 consecutive months.

PRECIOUS METALS: Silver, gold or platinum.

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.

REPORTABLE TRANSACTION: Every transaction conducted by a pawnbroker, precious metals dealer or secondhand goods dealer in which merchandise is received through a pawn, purchase, consignment or trade, or in which a pawn is renewed, extended, or for which a unique transaction number or identifier is generated by their point of sale software, is reportable, except:

A. The bulk purchase or consignment of new or used merchandise from a merchant, manufacturer, or wholesaler having an established permanent place of business, and the

107 retail sale of said merchandise, provided the pawnbroker must maintain a record of such
108 purchase or consignment which describes each item, and must mark each item in a manner
109 which relates it to that transaction record.

110 B. Retail and wholesale sales of merchandise originally received by pawn or purchase, and
111 for which all applicable hold and/or redemption periods have expired.

112 C. Transactions in which a secondhand goods dealer obtains secondhand goods through the exchange of
113 like-kind property rather than monetary payment.

114 D. Transactions in which a precious metals dealer purchases precious metals from a person who
115 previously acquired the precious metal from the precious metal dealer. (Ord. 1275, 11-18-2002)
116 SECONDHAND GOODS: Any tangible personal property, previously owned, used, rented or
117 leases by a person other than the dealer offering it for sale, including without limitation:
118 video game players and systems; video games; bicycles electronic audio or video
119 equipment; firearms; musical instruments; ~~sports equipment~~; photographic equipment;
120 outboard motors; inboard drives; nautical sonar or radar devices; electric, pneumatic or
121 hydraulic powered construction or mechanical equipment or tools; computers or computer
122 related equipment; cellular telephones or other communication devices; jewelry; coins;
123 precious metals; artist signed or artist attributed original works of art and other secondhand
124 goods or merchandise. Secondhand goods specifically does not include: sports and fitness
125 equipment; CD's and DVD's except video games; books, magazines, post cards, stamps or
126 philatelic material; furniture, lighting fixtures, or lamps; cookware, glassware or eating
127 utensils not containing precious metals; clothing, shoes, or clothing accessories, such as
128 bags or purses; children's clothing, appliances, furniture, safety devices, or toys.

129 SECONDHAND GOODS DEALER: Any person whose regular business includes selling or
130 receiving secondhand goods, including auction house dealers, consignment house dealers,
131 flea market dealers and antique dealers , but not including transactions conducted by a
132 pawnbroker licensed under this Chapter, a precious metal dealer licensed under this
133 Chapter, or used car sales involving vehicles with titles requiring registration with the
134 Minnesota Department of Motor Vehicles under Minnesota Statutes, Chapter 168 or boats
135 required to be registered with the Department of Natural Resources.

136 **311.03: LICENSE REQUIRED:**

137 No person shall exercise, carry on or be engaged in the trade or business of pawnbroker or
138 precious metal dealer within the city unless such person is currently licensed under this
139 section to be a pawnbroker or precious metal dealer, respectively. No more than one pawn
140 broker license shall be issued by the City at any time and priority shall be given to qualified
141 applicants for renewal of existing license. No person shall exercise, carry on or be engaged in the
142 trade or business of secondhand goods dealer within the city unless such person is currently licensed
143 under this section to be a secondhand goods dealer, subject to the following exemptions:

144 A: Persons who are residents, tax-exempt, non-profit public charitable originations, tax
145 exempt political organizations or tax exempt, non-profit civic organizations conducting the
146 occasional sale of secondhand goods at events commonly known as "garage sales", "yard
147 sales", "moving sales", "fundraiser sales" or "estate sales" where all of the following are
148 present:

- 149 1. The sale is held on real property located within the City that is occupied as a
150 dwelling by one of the sellers or owned, rented, or leased by the charitable,
151 political or civic organization;
- 152 2. The persons conducting the sale own the items offered for sale and receive all the
153 proceeds therefrom;
- 154 3. The sales event does not exceed a period of three consecutive days with no more
155 than three (3) sales events being held within a year;
- 156 4. The sales event does not include the sale of firearms.

B: Secondhand goods dealers who register with the issuing authority and whose business plan and records clearly demonstrate on an annual and continual basis to the satisfaction of the issuing authority that they acquire their secondhand merchandise exclusively by:

1. Sales of property from a merchant, manufacturer, wholesaler, corporate entity or government entity, having an established place of business, or goods sold at open sale from bankrupt stock, provided the secondhand goods dealer must maintain a record of all such transactions which includes at a minimum Written Declaration of Ownership setting forth:
 - a. The seller's full corporate name, corporate address, telephone number, federal Employee Identification Number (EIN) or federal Tax Identification Number, full name of the chief executive officer of the corporation, and a description of the seller's business;
 - b. An accurate description of each item of property that must identify the item in a manner that relates to the transaction record including, but not limited to, any trademark, identification number, serial number, model number, brand name or other identifying mark on the items;
 - c. A description of the nature of the transaction, such as trade, consignment or sale;
 - d. The purchase price, asking price if consigned, or value attributed to the items if accepted in trade; and
 - e. A signed statement by the seller that the seller is the true owner of the property or proof of their authorization from the true owner to dispose of the items, and that the property is free from all other claims or liens.
2. Transactions between dealers if both dealers are licensed under Minnesota Statutes, Section 325F.733 or this Section of the City Code, 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 or this Section of the City Code.
3. Secondhand goods that have been donated without compensation.

C: Transactions conducted by sheriffs or other public officers who are acting according to law in their official capacity.

D: transactions regulated by Minnesota Statutes Chapter 80A or the Federal Commodity Futures Commission Act.

E: Secondhand goods dealers who are able to demonstrate to the issuing authority upon request that they qualify as a recognized, tax exempt, non-profit organization pursuant to Section 501(c) of the Internal Revenue Code or tax exempt political organization pursuant to Section 527 of the Internal Revenue Code and regulated pursuant to Minnesota Statutes 10A.14, who exclusively conduct transactions involving the same or receipt of secondhand goods that have been donated without compensation. (Ord. 1275, 11-18-2002) (Ord. 1414, 9-12-2011)

311.04: APPLICATION FOR LICENSE:

Every application for license 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.

All applications for a license under this chapter shall be signed and sworn to under oath or affirmation by applicant. If the application is that of a natural person, it shall be signed and sworn to by such person; if that of a corporation, by an officer thereof; if that of a partnership, by one of the general partners; and if that of an unincorporated association, by the manager or managing officer thereof.

Any falsification on a license application shall result in the denial of a license.

When a licensee places a manager in charge of a business, or if the named manager(s) in charge of a licensed business changes, the dealer must complete and submit the

appropriate application within 14 days. The manager shall be subject to the investigation required by section 311.05 of this chapter, and to payment of the investigation fee required by this chapter, which shall be paid in advance.

The designation of a new manager shall not cause the license to become invalid before a decision is rendered, provided proper notice and application are made by the applicant. A proposed new manager shall be referred to as the interim manager. In the event an interim manager is rejected, the licensee shall designate another interim manager and make the required application within 14 days of the decision. If a proposed manager is rejected, the decision may be appealed to the City Council by filing a written notice of appeal with the city manager within ten days after being notified of the rejection. (Ord. 1275, 11-18-2002)

311.05: INVESTIGATION BY POLICE DEPARTMENT:

A. Investigation and Report: 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.

B. Cost of Investigation; Deposit: An applicant for any license under this section shall deposit with the city, at the time an original application is submitted, \$500.00 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 \$1,500.00. (Ord. 1275, 11-18-2002)

311.06: TERM OF LICENSE AND RENEWALS:

A. Term: All licenses issued through this section shall be for a period of 12 months beginning January 1, prorated on a monthly basis.

B. Renewal: A license under this section will not be renewed:

1. If the City Council determines that the licensee has failed to comply with the provisions of this chapter in a preceding license year.

2. There would be sufficient grounds not to issue a license in the first instance. (Ord. 1275, 11-18-2002)

311.07: LICENSE FEES:

The license application fees for pawnbrokers', precious metal dealers', and secondhand goods' licenses shall be as established by the City Fee Schedule in Section 314.05. (Ord. 1275, 11-18-2002) (Ord.1379A, 11-17-2008)

311.075: BILLABLE TRANSACTION FEES:

A. Licensees shall pay a monthly transaction fee on all billable transactions as set forth in section 301.03 of this title. Such fee shall be due and payable within 30days. Failure to timely pay the billable transaction fee shall constitute a violation of this chapter. (Ord. 1275, 11-18-2002)

311.076: BOND REQUIRED:

At the time of filing an application for a license, the applicant shall file a bond in the amount of \$10,000.00 with the city. The bond, with a duly licensed surety company as surety thereon, must be approved as to form by the city attorney. The bond must be conditioned on the licensee observing all ordinances of the city and all laws relating to the business of pawnbroker, precious metal dealer, or secondhand goods dealer and the licensee accounting for and delivering to any person legally entitled thereto any articles which may have come into the possession of the licensee as pawnbroker, precious metal dealer, or secondhand

goods dealer or in lieu thereof such licensee paying the person or persons the reasonable value thereof. The bond shall contain a provision that it may not be canceled without thirty days advance written notice to the licensing authority. (Ord. 1275, 11-18-2002)

311.08: INELIGIBLE PERSONS AND LOCATIONS:

A. Ineligible Persons: 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:

1. Is a minor at the time the application is filed;
2. Has been convicted of any offense related to the occupation licensed or involving moral turpitude;
3. Is not a citizen of the United States or a resident alien;
4. Is not of good moral character or repute;
5. Holds an intoxicating liquor license under this code;
6. Has had a pawnbroker, precious metal dealer license, or secondhand goods dealer revoked elsewhere; or
7. Other good and sufficient reason in the sole discretion of the City Council.

B. Ineligible Locations: The following locations shall be ineligible for licenses under this chapter:

1. 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.
2. 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.
3. The property is not properly zoned.

C. Multiple Brokers or Dealers Prohibited: No license shall be issued for multiple pawnbrokers, precious metal dealers, or secondhand goods dealer at one location. (Ord. 1275, 11-18-2002)

311.09: REQUIREMENTS OF LICENSEES:

A. Record Keeping: All licensees shall maintain a computerized system for the creation, maintenance, and storage of transactional records regarding licensed activities. At the time of a receipt of an item of property, whether purchased or pawned, the pawnbroker, precious metal dealer, or secondhand goods dealer shall immediately record, on computer disc or if the computer is temporarily unavailable in a book or journal which has page numbers that are preprinted and in an indelible ink, the following information:

1. Description of Item: 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;
2. Date and Time: The date and time the item of property was received by the licensee, and the unique alpha and/or numeric transaction identifier that distinguishes it from all other transactions in the licensee's records. Transaction identifiers must be consecutively numbered;
3. Description of Person: The name, address, residence phone number, date of birth, and accurate description including: sex, height, weight, race, color of eyes and color of hair of the person from whom the item of property was received;
4. Identification Number: The identification number and state or nation of issue from any of the following forms of identification of the person from whom the item of property was

received:

a. A valid driver's license;

b. A valid state or national picture identification;

5. Price: The price of the item paid and whether the item was purchased or pawned;

6. Fees: A list of all fees and charges which the transaction may be subject to;

7. Statement: A signed statement from the person from whom the item of property is received that there are no liens on the item, that it is not stolen and that the person has the right to sell it.

8. Photograph or Video Recording: The licensee must also take a color photograph or color video recording of:

a. Each customer involved in a billable transaction. Secondhand goods dealers are exempt from this photo requirement.

b. Every item pawned or sold that does not have a unique serial or identification number permanently engraved or affixed.

The photograph taken must be at least two inches in length by two inches in width and must be maintained in such a manner that the photograph can be readily matched and correlated with all other records of the transaction to which they relate. Such photographs must be available to the chief of police, or the chief's designee, upon request. The major portion of the photograph must include an identifiable front facial close up of the person who pawned or sold the item. Items photographed must be accurately depicted. The licensee must inform the person that he or she is being photographed by displaying a sign of sufficient size in a conspicuous place in the premises. If a video photograph is taken, the video camera must zoom in on the person pawning or selling the item so as to include an identifiable close up of that person's face. Items photographed by video must be accurately depicted. Video photographs must be electronically referenced by time and date so they can be readily matched and correlated with all other records of the transaction to which they relate. The licensee must inform the person that he or she is being videotaped orally and by displaying a sign of sufficient size in a conspicuous place on the premises. The licensee must keep the exposed videotape for four months, and furnish it to the police department upon request.

9. Digitized Photographs: Effective 60 days from the date of notification by the police department licensees must fulfill the color photograph requirements by submitting them as digital images, in a format specified by the issuing authority, electronically cross referenced to the reportable transaction they are associated with.

10. Renewals, Extensions and Redemptions: For renewals, extensions and redemptions, the licensee shall provide the original transaction identifier, the date of the current transaction, the type of transaction, interest charges accrued, and any amount paid for the transaction or the article. When an article of purchased or forfeited property is sold or disposed of by a licensee the records shall contain an account of such sale with the date, the amount for which the article was sold, and the full name, current address, and telephone number of the person to whom sold.

B. Inspection of Records: The pawnbroker, precious metal dealer, or secondhand goods dealer shall make available the information required in subsection A 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, precious metal dealer, or secondhand goods dealer for at least five years. Entries of required digital images shall be retained a minimum of 120 days.

C. Daily Reports to Police Are Required: The pawnbroker, precious metal dealer, or secondhand goods dealer shall submit daily to the police department all information required by this section regarding every reportable transaction by transferring it from their computer to the automated pawn system. 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 issuing authority using procedures that address security concerns of the licensees and the issuing authority. The licensee must display a sign of sufficient size, in a conspicuous place in the premises, which informs all patrons that all transactions are reported to the police department daily.

D. Data Transfer Failures:

1. If a licensee is unable to successfully transfer the required reports by electronic means, the licensee must provide the police department printed copies of all reportable transactions along with the videotape(s) for that date, by 12:00 noon the next business day;
2. If the problem is determined to be in the licensee's system and is not corrected by the close of the first business day following the failure, the licensee must provide the required reports and must be charged a \$50.00 reporting failure penalty, daily, until the error is corrected; or
3. If the problem is determined to be outside the licensee's system, the licensee must provide the required reports and resubmit all such transaction via modem when the error is corrected.
4. If a licensee is unable to capture, digitize or transmit the photographs required by this chapter, the licensee must immediately take all required photographs with a still camera, cross reference the photographs to the correct transaction, and make the pictures available to the police department upon request.
5. Regardless of the cause or origin of the technical problems that prevented the licensee from uploading their reportable transactions, upon correction of the problem, the licensee shall upload every reportable transaction from every business day the problem had existed.
6. The police department may, upon presentation of extenuating circumstances by the licensee, delay the implementation of the daily reporting penalty imposed by this section.

E. Police Order to Hold Property: Whenever the city police department notifies the pawnbroker, precious metal dealer, or secondhand goods 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.

F. Holding Period of Pawnbrokers: Any item sold or pawned to a pawnbroker for which a report to the police is required under subsection C of this section shall not be sold or otherwise transferred for 60 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.

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

1. The name, address and phone number of the pawnbroker, precious metal dealer, or secondhand goods dealer business.
2. The date on which the item was received by the pawnbroker, precious metal dealer, or secondhand goods dealer.
3. A description of the item received and amount paid to the pledger or seller in exchange for the item pawned or sold.
4. The signature of the pawnbroker, precious metal dealer, or secondhand goods dealer or agent.
5. 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.
6. The annual rate of interest charged on pawned items received.
7. The name, address, and signature of the seller or pledger.

H. Hours of Operation: No pawnbroker, precious metal dealer, or secondhand goods 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.

I. Minors: The pawnbroker, precious metal dealer, or secondhand goods dealer shall not

purchase or receive personal property of any nature on deposit or pledge from any minor.

J. Inspection of Items: The pawnbroker, precious metal dealer, or secondhand goods dealer shall at all times during the term of the license allow the city police department to enter the premises where the pawnbroker, precious metal dealer, or secondhand goods 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.

K. 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.

L. 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.

M. 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.

N. Payment by Check: Payment of more than \$250.00 by a licensee for any article deposited, left, purchased, pledged or pawned shall be made only by a check, draft, or other negotiable or nonnegotiable instrument which is drawn against funds held by a financial institution. This policy must be posted in a conspicuous place in the premises.

O. Holding Period for Precious Metal Dealers and Secondhand Goods Dealers: Any item received by a precious metal dealer for which a report to the police is required under subsection C of this section shall not be sold or otherwise transferred for ~~two weeks~~ 14 days after the date of the receipt. Any item received by a secondhand goods dealer for which a report to the police is required under subsection C of this section shall not be sold or otherwise transferred for 7 days after the date of the receipt.

P. Storage Sites: 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 subsection A of this section. 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 chapter. 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.

Q. 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. (Ord. 1275, 11-18-2002)

311.10: 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. (Ord. 1275, 11-18-2002)

311.11: SUSPENSION OR REVOCATION OF LICENSE:

A. Violation: 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, precious metal dealers, or secondhand goods dealer;

3. any state or local law relating to moral character and repute. Any conviction by the pawnbroker, precious metal dealer, or secondhand goods 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.

B. Notice; Hearing: 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 (8) days' notice of the time and place of the hearing and shall state the nature of the charges against the pawnbroker, precious metal dealer, or secondhand goods 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, precious metal dealer, or secondhand goods dealer by United States mail addressed to the most recent address of the business in the license application. (Ord. 1275, 11-18-2002)

311.12: PROHIBITED ACTS:

A. No pawnbroker, precious metal dealer, or secondhand goods dealer licensed under this chapter shall:

1. Lend money on a pledge at a rate of interest above that allowed by law;
2. Possess stolen goods;
3. Sell pledged goods before the time to redeem has expired;
4. Refuse to disclose to the pledger, after having sold pledged goods, the name of the purchaser or the price for which the item sold;
5. Make a loan on a pledge to a minor or purchase property from a minor;
6. Accept for pawn, sale or consignment any article or property if the article or property belongs to another, or if another person has a security interest in the property; or
7. Receive any article or property from a person of unsound mind or an intoxicated person.

B. No person shall:

1. Pawn, pledge, sell, assign, lease or deposit with a pawnbroker, precious metal dealer, or secondhand goods dealer any article of property not their own, or any article of property in which another person has a security interest.
 2. Give false or fictitious name, date of birth, address, telephone number, or identification card to a pawnbroker, precious metal dealer, or secondhand goods dealer. (Ord. 1275, 11-18-2002)
- (Ord. 1319, 04-25-2005)

311.13: ADOPTION OF STATUTES BY REFERENCE:

Minnesota statutes, sections 325J.01 et seq., 1996, are hereby adopted by reference. Wherever this chapter is more restrictive than said statutes, this chapter will control. Wherever said statutes are more restrictive than this chapter, said statutes shall control. (Ord. 1275, 11-18-2002)

Pawn, 2nd Hand, Precious Metal ordinances

Attachment B

	Metro-wide						
	<u>Pawn</u>	<u>\$ Annual license</u>	<u>2nd Hand</u>	<u>\$ Annual license</u>	<u>Precious Metals</u>	<u>\$ Annual license</u>	<u>Transaction Fee</u>
<u>Anoka- city</u>	Y APS	\$2,000	N		N		\$1.50
<u>Apple Valley</u>	Y/NA	\$8,800	N	\$500	Y APS	\$8,800	\$2.00
<u>Bloomington</u>	Y APS	\$4,725	Y APS	\$660	Y APS	\$2,295	\$2.00
<u>Burnsville</u>	Y APS	\$100	Y APS	\$100	Y APS	\$100	\$0
<u>Coon Rapids</u>	Y APS	\$2,810	Y APS	\$315	Y APS	\$2,810	\$1.50
<u>Crystal</u>	Y APS	\$6,900	Y APS	\$75	Y	\$75	\$2.00
<u>Eden Prairie</u>	Y/NA	\$10,000	N		Y APS	\$10,000	\$0.00
<u>Forest Lake</u>	YAPS	\$100	N		N		\$1.00
<u>Fridley</u>	Y APS	\$3,000	N		N		\$3.00
<u>Golden Valley</u>	Y/NA	\$5,000	N		Y APS	\$5,000	\$1.30
<u>Inver Grove Heights</u>	Y APS	\$8,000			Y	\$8,000	\$1.90
<u>Little Canada</u>	Y APS	\$8,000	Y	\$300	N		\$1.50
<u>Maplewood</u>	Y APS	\$10,218	Y		Y	\$367	\$2.50
<u>Minneapolis</u>	Y APS	\$3,388	Y APS	\$305	Y APS	\$461	\$2.00
<u>Minnetonka</u>	Y/NA	\$4,000	Y APS	\$500	Y APS	\$500	\$1.50
<u>Oakdale</u>	Y APS	\$350	Y APS	\$350	Y APS	\$350	\$2.00
<u>Ramsey- City</u>	Y APS	\$4,000	Y APS	\$2,000	Y	\$4,000	\$1.35
<u>Richfield</u>	Y APS	\$4,187	N		N		\$2.00
<u>Roseville</u>	Y APS	\$10,000	N		*Y	*\$10,000	\$2.90
<u>Shakopee</u>	Y APS	\$2,500	Y APS	\$2,500	N		\$1.50
<u>St. Paul</u>	Y APS	\$2,717	Y APS	\$72	N		\$3 (1.50)
<u>St Louis Park</u>	YAPS	\$2,000	N		N		\$1.50
<u>W. St. Paul</u>	Y/NA	\$6,504	Y	\$247	Y APS	\$1,690	\$2.00
<u>Ramsey County</u>	N		N		Y	\$200	
<u>Arden Hills</u>	N		N		N		
<u>Shoreview</u>	Y/NA		N		N		\$2.00
<u>New Brighton</u>	Y/NA		Y		N		
	25/18		14/10		16/10		
		<u>AVG</u>		<u>AVG</u>		<u>AVG</u>	<u>AVG</u>
		\$4,752		\$610		2,977	\$1.69



Y= Recognized in code

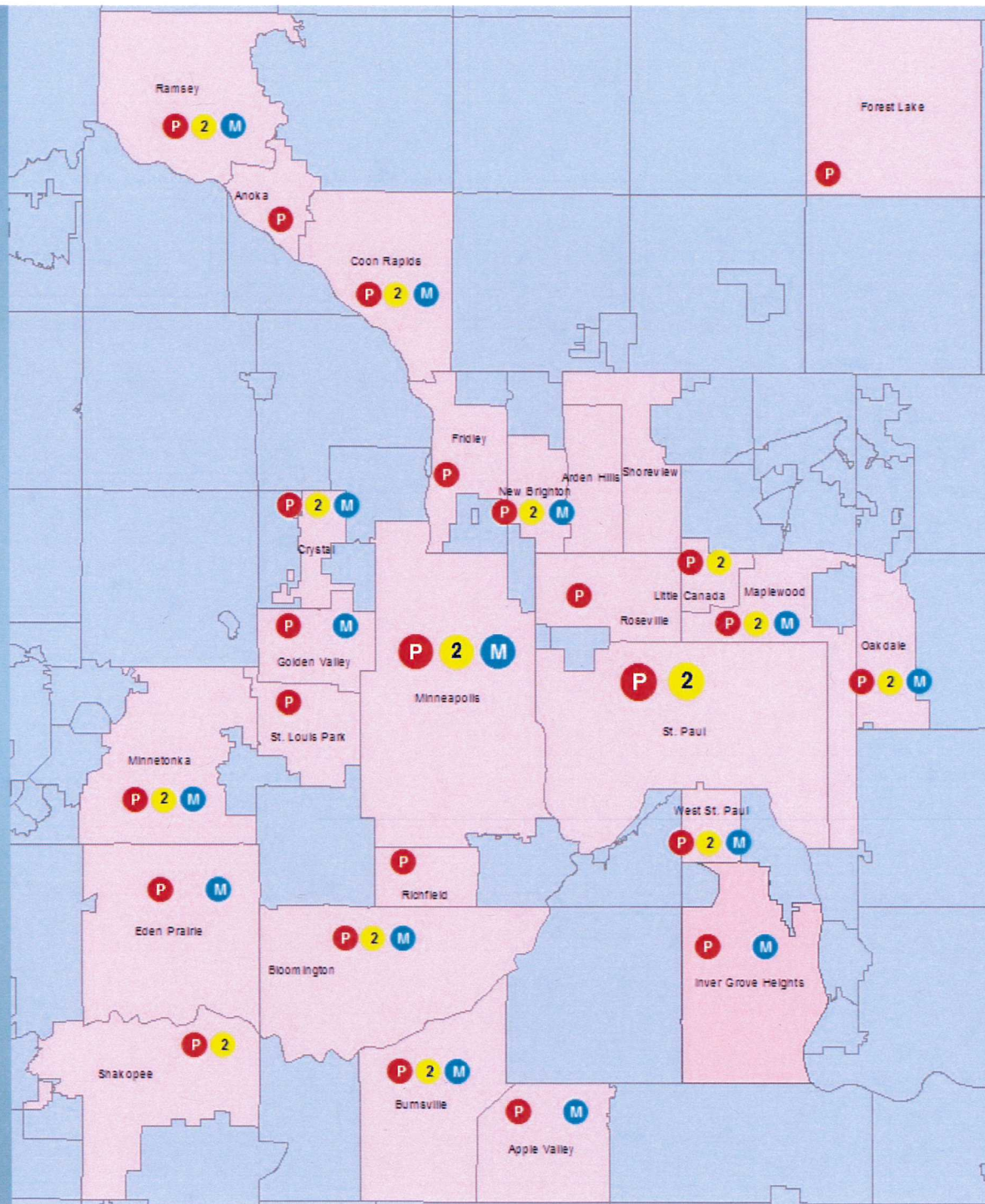
YAPS= Recognized and report to APS

N= Not Recognized in code

Y/NA= Recognized but no pawn shops in city

* Roseville precious metal fee not assessed

15/9 Pawn-Precious same annual fee



ORDINANCE LEGEND	
P	PAWN
2	SECONDHAND
M	PRECIOUS METALS

