1ST READING:	6/30/95
REFERRED TO (NAME OF) COMMITTEE:	G & R
PUBLIC HEARING:	12/13/95
2ND READING AND FINAL PASSAGE:	12-29-95

95-Or-160

AN ORDINANCE of the CITY OF MINNEAPOLIS

Biernat and Rainville presents the following ordinance:

Amending Title 13 of the Minneapolis Code of Ordinances relating to Licenses and Business Regulations.

The City Council of The City of Minneapolis do ordain as follows:

Section 1. That the Minneapolis Code of Ordinances be amended by adding thereto a new Chapter 324 to read as follows:

CHAPTER 324. PAWNBROKERS

324.10. Purpose. The city council finds that use of services provided by pawnbrokers provides an opportunity for the commission of crimes and their concealment because pawn businesses have the ability to receive and transfer property stolen by others easily and quickly. The city council also finds that consumer protection regulation is warranted in transactions involving pawnbrokers. The city council further finds that the pawn industry has outgrown the city's current ability to effectively or efficiently identify criminal activity related to pawn shops. The purpose of this ordinance is to prevent pawn businesses from being used as facilities for the commission of crimes and to assure that such businesses comply with basic consumer protection standards, thereby protecting the public health, safety and general welfare of the citizens of the city.

To help the Police Department better regulate current and future pawn businesses, decrease and stabilize costs associated with the regulation of the pawn industry, and increase identification of criminal activities in the pawn industry through the timely collection and sharing of pawn transaction information, this ordinance also implements and establishes the required use of the Automated Pawn System (APS).

324.20. Definitions. When used in this article, the following words shall mean:

Pawnbroker. Any natural person, partnership or corporation, either as principal, or agent or employee thereof, 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 the same back again at a stipulated price, or who loans money secured by chattel mortgage on personal property, taking possession of the property or any part thereof so mortgaged. To the extent that a pawnbroker's business includes buying personal property previously used, rented or leased, or selling it on consignment, the provisions of this ordinance shall be applicable.

Reportable Transaction. Every transaction conducted by a pawnbroker in which merchandise is received through a pawn, purchase, consignment or trade, or in which a pawn is renewed, extended or redeemed, is reportable except:

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

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

Billable transaction. Every reportable transaction conducted by a pawnbroker except renewals, redemptions or extensions of existing pawns on items previously reported and continuously in the licensee's possession is a billable transaction.

324.30. License required. No person shall engage in the business of pawnbroker at any location without a pawnbroker license for that location. No pawnbroker license may be transferred to a different location or a different person. Issuance of a license under this chapter shall not relieve the licensee from obtaining any other licenses required to conduct business at the same or any other locations.

324.40. License classifications. (a) Licenses renewed under provisions of this chapter shall be classified according to the number of billable transactions submitted annually to the Minneapolis Police Department during the twelve (12) month period ending September 30 prior to renewal. The classifications shall be:

Class A - Licensees that submitted four hundred (400) or more transactions.
Class B - Licensees that submitted fewer than four hundred (400) transactions.

(b) All new licenses issued pursuant to this chapter after January 1, 1996, shall be deemed to be Class A licenses and subject to all applicable fees and regulations.

324.50. License fees. (a) The annual license fees for licenses issued under this chapter shall be as follows:

Class A- Two thousand five hundred dollars ($2,500.00).
Class B- Two thousand five hundred dollars ($2,500.00).

The annual license fee shall be payable semi-annually in accordance with procedures established by the director of licenses and consumer services.

(b) The billable transaction license fee shall be classified according to the medium by which daily reports required by section 324.100 are submitted to the Minneapolis Police Department. These classifications shall be as follows:

Modem - Required of all Class A licensees, optional for Class B licensees.

Manual - Required of all Class B licensees who do not fulfill Class A reporting requirements.

(c) The billable transaction license fee shall reflect the cost of processing transactions from the respective classifications and other related regulatory expenses as determined by the city council, and shall be reviewed and adjusted, if necessary, at least every six (6) months. Licensees shall be notified in writing thirty (30) days before any adjustment is implemented. The billable transaction fee for modem transactions shall not exceed the billable transaction fee for manual transactions.

(d) Billable transaction fees shall be billed monthly and are due and payable within thirty (30) days. Failure to do so is a violation of this chapter.

324.60. Investigation fee. (a) An applicant for a new license under this chapter, or for the renewal of an existing license that is more than six (6) months past due, shall deposit one thousand five hundred dollars ($1,500.00) with the Police license inspector at the time an original application is submitted to cover the costs involved in verifying the license application and to cover the expense of any investigation needed to assure compliance with this ordinance. If the investigation process is conducted solely within the State of Minnesota, the fee shall be five hundred dollars ($500.00) and the remainder of the deposit shall be returned to the applicant upon completion of the investigation. If the investigation is conducted outside the State of Minnesota, the issuing authority may recover the actual investigation costs not exceeding ten thousand dollars ($10,000.00).

324.70. Expiration of license. All licenses shall expire on January 1st.

324.80. Application required. (a) *(Contents.)* An application form provided by the Department of Licenses and Consumer Services must be completed by every applicant for a new license or for renewal of an existing license. Every new applicant must provide all the following information:

(1) If the applicant is a natural person:

a. The name, place and date of birth, street resident address, and phone number of applicant.

b. Whether the applicant is a citizen of the United States or resident alien.

c. Whether the applicant has ever used or has been known by a name other than the applicant's name, and if so, the name or names used and information concerning dates and places used.

d. The name of the business if it is to be conducted under a designation, name, or style other than the name of the applicant and a certified copy of the certificate as required by Minnesota Statutes, Section 333.01.

e. The street address at which the applicant has lived during the preceding five (5) years.

f. The type, name and location of every business or occupation in which the applicant has been engaged during the preceding five (5) years and the name(s) and address(es) of the applicant's employer(s) and partner(s), if any, for the preceding five (5) years.

g. Whether the applicant has ever been convicted of a felony, crime, or violation of any ordinance other than a traffic ordinance. If so, the applicant must furnish information as to the time, place, and offense of all such convictions.

h. The physical description of the applicant.

i. Applicant's current personal financial statement and true copies of the applicant's federal and state tax returns for the two (2) years prior to application.

j. If the applicant does not manage the business, the name of the manager(s) or other person(s) in charge of the business and all information concerning each of them required in a. through h. of subdivision (1) of this section.

(2) If the applicant is a partnership:

a. The name(s) and address(es) of all general and limited partners and all information concerning each general partner required in subdivision (1) of this section.

b. The name(s) of the managing partner(s) and the interest of each partner in the licensed business.

c. A true copy of the partnership agreement shall be submitted with the application. If the partnership is required to file a certificate as to a trade

name pursuant to Minnesota Statutes, Section 333.01, a certified copy of such certificate must be attached to the application.

d. A true copy of the federal and state tax returns for partnership for the two (2) years prior to application.

e. If the applicant does not manage the business, the name of the manager(s) or other person(s) in charge of the business and all information concerning each of them required in a. through h. of subdivision (1) of this section.

(3) If the applicant is a corporation or other organization:

a. The name of the corporation or business form, and if incorporated, the state of incorporation.

b. A true copy of the Certificate of Incorporation, Articles of Incorporation or Association Agreement, and By-laws shall be attached to the application. If the applicant is a foreign corporation, a Certificate of Authority as required by Minnesota Statutes, Section 303.06, must be attached.

c. The name of the manager(s) or other person(s) in charge of the business and all information concerning each manager, proprietor, or agent required in a. through h. of subdivision (1) of this section.

d. A list of all persons who control or own an interest in excess of five (5) percent in such organization or business form or who are officers of the corporation or business form and all information concerning said persons required in subdivision (1) above. This subdivision (d), however, shall not apply to a corporation whose stock is publicly traded on a stock exchange and is applying for a license to be owned and operated by it.

(4) For all applicants:

a. Whether the applicant holds a current pawnbroker, precious metal dealer or secondhand goods dealer license from any other governmental unit.

b. Whether the applicant has previously been denied, or had revoked or suspended, a pawnbroker, precious metal dealer, or secondhand dealer license from any other governmental unit.

c. The location of the business premises.

d. If the applicant does not own the business premises, a true and complete copy of the executed lease.

e. The legal description of the premises to be licensed.

f. Whether all real estate and personal property taxes that are due and payable for the premises to be licensed have been paid, and if not paid, the years and amounts that are unpaid.

g. Whenever the application is for premises either planned or under construction or undergoing substantial alteration, the application must be accompanied by a set of preliminary plans showing the design of the proposed premises to be licensed.

h. Such other information as the city council or issuing authority may require.

(b) *New manager.* 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 licensee must complete and submit the appropriate application, on forms provided by the Department of Licenses and Consumer Services, within fourteen (14) days. The application must include all appropriate information required in Section 324.80.

(1) Upon completion of an investigation of a new manager, the licensee must pay an amount equal to the cost of the investigation to assure compliance with this ordinance. If the investigation process is conducted solely within the State of Minnesota, the fee shall be five hundred dollars ($500.00). If the investigation is conducted outside the State of Minnesota, the issuing authority may recover the actual investigation costs not exceeding ten thousand dollars ($10,000.00).

(c) *Application execution.* All applications for a license under this ordinance must be signed and sworn to under oath or affirmation by the applicant. If the application is that of a natural person, it must 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.

(d) *Investigation.* The police license inspector must investigate into the truthfulness of the statements set forth in the application and shall endorse the findings thereon. The applicant must furnish to the police license inspector such evidence as the Inspector may reasonably require in support of the statements set forth in the application.

(e) *Public hearing.* The council member of the ward in which the proposed business would be located may request a public hearing at council, or in the evening hours at a location in the approximate vicinity of the proposed location.

(f) *Persons ineligible for a license.* No licenses under this ordinance will be issued to an applicant who is a natural person, a partnership if such applicant has any general partner or managing partner, a corporation or other organization if such applicant has any manager, proprietor or agent in charge of the business to be licensed, if the applicant:

(1) Is a minor at the time that the application is filed;

(2) Has been convicted of any crime directly related to the occupation licensed as prescribed by Minnesota Statutes, Section 364.03, Subd. 2, and has not shown competent evidence of sufficient rehabilitation and present fitness to perform the duties of a licensee under this chapter as prescribed by Minnesota Statutes, Section 364.03, Subd. 3; or

(3) Is not of good moral character or repute.

324.90. Bond required. Before a license will be issued, every applicant must submit a five thousand dollar ($5,000.00) bond on the forms provided by the Department of Licenses and Consumer Services. All bonds must be conditioned that the principal will observe all laws in relation to pawnbrokers, and will conduct business in conformity thereto, and that the principal will account for and deliver to any person legally entitled any goods which have come into the principal's hand through the principal's business as a pawnbroker, or in lieu thereof, will pay the reasonable value in money to the person. The bond shall contain a provision that no bond may be canceled except upon thirty (30) days written notice to the city, which shall be served upon the Department of Licenses and Consumer Services.

324.100. Records required. At the time of any reportable transaction other than renewals, extensions or redemptions, every licensee must immediately record in English the following information by using ink or other indelible medium on forms or in a computerized record approved by the police license inspector:

(1) A complete and accurate description of each item including, but not limited to, any trademark, identification number, serial number, model number, brand name, or other identifying mark on such an item.

(2) The purchase price, amount of money loaned upon, or pledged therefor.

(3) Date, time and place the item of property was received by the licensee.

(4) Full name, residence address, residence telephone number, date of birth and accurate description of the person from whom the item of the property was received, including: sex, height, weight, race, color of eyes and color of hair.

(5) The identification number and state of issue from any of the following forms of identification of the seller:

a. Current valid Minnesota driver's license.

b. Current valid Minnesota identification card.

c. Current valid photo identification card issued by another state.

(6) The signature of the person identified in the transaction.

(7) Effective sixty (60) days from the date of notification by the police license inspector of acceptable video standards, but no sooner than April 1, 1996, the licensee must also take a color photograph or color video recording of:

a. Each customer involved in a billable transaction.

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

If a photograph is taken, it must be at least two (2) inches in length by two (2) 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 three (3) months.

(8) Digitized photographs. Effective sixty (60) days from the date of notification by the police license inspector, but no sooner than July 1, 1996, Class A licensees

must, and Class B licensees may, fulfill the color photograph requirements in section 324.100 (7) 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. Notwithstanding the digital images may be captured from required video recordings, this provision does not altar or amend the requirements in subdivision (7).

(9) Renewals, extensions and redemptions. For renewals, extensions and redemptions, the licensee shall provide the original transaction identifier, the date of the current transaction, and the type of transaction.

(10) Inspection of records. The records must at all reasonable times be open to inspection by the Police Department or Department of Licenses and Consumer Services. Data entries shall be retained for at least three (3) years from the date of transaction. Entries of required digital images shall be retained a minimum of ninety (90) days.

324.110. Daily reports to police. (a) *Method.* Licensees must provide to the Police Department the information required in section 324.100 (1) through (6), in writing, on forms approved by the business day following the date of the transaction. The licensee must display a sign of sufficient size, and in a conspicuous place in the premises, so as to inform all patrons that all transactions are reported to the Police Department daily. Effective sixty (60) days from the date of notification by the police license inspector, but no sooner than ninety (90) days after the police license inspector provides licensees with computerized record standards, licensees must submit every reportable transaction to the Police Department daily in the following manner:

(1) Class A licensees must, and Class B licensees may, provide to the Police Department the information required in section 324.100 (1) through (6), 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 issuing authority using a dial-callback protocol or other 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.

(2) Class B licensees who do not fulfill requirements of section 324.110(a)(1) must provide to the Police Department the information required in section 324.100 (1) through (6), in writing, on forms approved by the Police Department, by twelve o'clock noon the first business day following the date of the transaction. 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.

(b) *Billable transaction fees.* Licensees, regardless of class, will be charged for billable transactions at the current rate for the medium by which they were reported to the Police Department except:

(1) If a Class A licensee, or a Class B licensee who has consistently reported via modem, is unable to successfully transfer the required reports by modem, the licensee must provide the Police Department printed copies of all reportable transactions along with the video tape(s) for that date, by twelve o'clock noon the next business day, and must be charged at the modem rate for billable transactions;

(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 as detailed in 324.110(b)(1), and must be charged at the modem rate for transactions through the close of the first business day following the failure, and at the manual rate for all subsequent billable transactions 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 in detail in 324.110(b)(1), and will be billed at the modem rate for billable transactions until the error is corrected.

(4) If a Class A licensee, or a Class B licensee who has consistently reported via modem, is unable to capture, digitize or transmit the photographs required in section 324.100 (7) and (8), the licensee must immediately take all required photographs with a still camera, immediately develop the pictures, cross-reference the photographs to the correct transaction, and deliver them to the Police Department by twelve o'clock noon the next business day. Billable transactions will be charged at the modem rate for transactions through the close of the first business day following the failure, and at the manual rate for all subsequent billable transactions until the error is corrected.

(5) Second and subsequent occurrences of circumstances detailed in section 324.110(b), (1), (2) or (4), within any six (6) consecutive months, will be charged at the manual rate for billable transactions until the error is corrected.

(6) Section 324.110(b) (1) through (5) notwithstanding, the police license inspector may, upon presentation of extenuating circumstances, extend the period that a qualifying licensee is billed at the modem rate for billable transactions.

324.120. Receipt required. Every licensee must provide a receipt to the party identified in every reportable transaction and must maintain a duplicate of that receipt for three (3) years. The receipt must include at least the following information:

(1) The name, address and telephone number of the licensed business.

(2) The date and time the item was received by the licensee.

(3) Whether the item was pawned or sold, or the nature of the transaction.

(4) An accurate description of each item received including, but not limited to, any trademark, identification number, serial number, model number, brand name, or other identifying mark on such an item.

(5) The signature or unique identifier of the licensee or employee that conducted the transaction.

(6) The last regular day of business 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.

(7) The annual rate of interest charged on items pawned or pledged.

(8) The name and address of the seller or pledger.

(9) The identification number and state of issue from any of the following forms of identification of the seller:

a. Current valid Minnesota driver's license.

b. Current valid Minnesota identification card.

c. Current valid photo driver's license or identification card issued by another state.

324.130. Redemption period. Any person pledging, pawning or depositing an item for security must have a minimum of ninety (90) days from the date of that transaction to redeem the item before it may be forfeited and sold. During the ninety (90) day holding period, items may not be removed from the licensed location except as provided in section 324.200. Licensees are prohibited from redeeming any item to anyone other than the person to whom the receipt was issued or, to any person identified in a written and notarized authorization to redeem the property identified in the receipt, or to a person identified in writing by the pledger at the time of the initial transaction and signed by the pledger, or with approval of the police license inspector.

Written authorization for release of property to persons other than original pledger must be maintained along with original transaction record in accordance with 324.100(10).

324.140. Holding period. Any item purchased by a licensee must not be sold or otherwise transferred for thirty (30) days from the date of the transaction. An individual may redeem an item seventy-two (72) hours after the item was received on deposit, excluding Sundays and legal holidays.

324.150. Police order to hold property. (a) Investigative hold. Whenever a law enforcement official from any agency notifies a licensee not to sell an item, the item must not be sold or removed from the premises. The investigative hold shall be confirmed in writing by the originating agency within seventy-two (72) hours and will remain in effect for fifteen (15) days from the date of initial notification, or until the investigative order is canceled, or until an order to hold/confiscate is issued, pursuant to 324.150(b), whichever comes first.

(b) Order to hold. Whenever the Chief of Police, or the Chief's designee, notifies a licensee not to sell an item, the item must not be sold or removed from the licensed premises until authorized to be released by the Chief or the Chief's designee. The order to hold shall expire ninety (90) days from the date it is placed unless the Chief of Police or the Chief's designee determines the hold is still necessary and notifies the licensee in writing.

(c) Order to confiscate. If an item is identified as stolen or evidence in a criminal case, the Chief or Chief's designee may:

(1) Physically confiscate and remove it from the shop, pursuant to a written order from the Chief or the Chief's designee, or

(2) Place the item on hold or extend the hold as provided in 324.150(b), and leave it in the shop.

When an item is confiscated, the person doing so shall provide identification upon request of the licensee, and shall provide the licensee the name and phone number of the confiscating agency and investigator, and the case number related to the confiscation.

When an order to hold/confiscate is no longer necessary, the Chief of Police, or Chief's designee shall so notify the licensee.

324.160. Inspection of items. At all times during the terms of the license, the licensee must allow the police license inspector or his designee(s) to enter the premises where the licensed business is located, including all off-site storage facilities as authorized in section 324.200, during normal business hours, except in an emergency, for the purpose of inspecting such premises and inspecting the items, ware

and merchandise and records therein to verify compliance with this chapter or other applicable laws.

324.170. Label required. Licensees must attach a label to every item at the time it is pawned, purchased or received in inventory from any reportable transaction. Permanently recorded on this label must be the number or name that identifies the transaction in the shop's records, the transaction date, the name of the item and the description or the model and serial number of the item as reported to the Police Department, whichever is applicable, and the date the item is out of pawn or can be sold, if applicable. Labels shall not be re-used.

324.180. Prohibited acts. (a) No person under the age of eighteen (18) years may pawn or sell or attempt to pawn or sell goods with any licensee, nor may any licensee receive any goods from a person under the age of eighteen (18) years.

(b) No licensee may receive any goods from a person of unsound mind or an intoxicated person.

(c) No licensee may receive any goods, unless the seller presents identification in the form of a valid driver's license, a valid State of Minnesota identification card, or current valid photo driver's license or identification card issued by the state of residency of the person from whom the item was received.

(d) No licensee may receive any item of property that possesses an altered or obliterated serial number or "operation identification" number or any item of property that has had its serial number removed.

324.190. Denial, suspension or revocation. Any license under this chapter may be denied, suspended or revoked for one or more of the following reasons:

(1) The proposed use does not comply with the Minneapolis Zoning Code.

(2) The proposed use does not comply with any health, building, building maintenance or other provisions of this Code of Ordinances or state law.

(3) The applicant or licensee has failed to comply with one or more provisions of this chapter.

(4) Fraud, misrepresentation or bribery in securing or renewing a license.

(5) Fraud, misrepresentation or false statements made in the application and investigation for, or in the course of, the applicant's business.

(6) Violation within the preceding five (5) years, of any law relating to theft, damage or trespass to property, sale of a controlled substance, or operation of a business.

(7) The owner of the premises licensed or to be licensed would not qualify for a license under the terms of this chapter.

324.200. Business at only one place. A license under this chapter authorizes the licensee to carry on its business only at the permanent place of business designated in the license. However, upon written request, the police license inspector may approve an off-site locked and secured storage facility. The licensee shall permit inspection of the facility in accordance with section 324.160. All provisions of this chapter regarding recordkeeping and reporting apply to the facility and its contents. Property shall be stored in compliance with all provisions of the city code. The licensee must either own the building in which the business is conducted, and any approved off-site storage facility, or have a lease on the business premises which extends for more than six (6) months.

324.210. Separability. Should any section, subsection, clause or other provision of this ordinance be declared by a court of competent jurisdiction to be invalid such decision shall not effect the validity of the ordinance as a whole or any part other than the part so declared invalid.

RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
Dziedzic	X						Thurber	X					
Campbell	X						McDonald	X					
Biernat	X						Mead	X					
Rainville	X						Schulstad	X					
Niland	X						Minn	X					
Scott	X						President Cherryhomes	X					
Herron	X												

PASSED DEC 29 1995 DATE — APPROVED ~~NOT APPROVED~~ ~~VETOED~~ — JAN 4 1996 DATE

Jackie Cherryhomes
PRESIDENT OF COUNCIL

Jay Benanav
MAYOR

ATTEST Marianne Koegler
CITY CLERK

CK-3009 Rev. 12/93