

The Pawnbroker Act Amendments

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS

AUGUST 17, 2016



WEBINAR INFORMATION

COMPUTER AUDIO:

When the webinar begins, you will be connected to audio using your computer's microphone and speakers.



TELEPHONE AUDIO:

To use your phone to listen to the webinar's audio, select "Use Telephone" after joining the webinar and call in using the numbers below.

United States: 1 (415) 655-0052

Access Code: 155-250-540

Audio PIN: Shown after joining the webinar

DISCLAIMER

This presentation is not meant to serve as a substitute for reading the various law discussed, seeking legal counsel, or otherwise requesting Department guidance and/or interpretations on the laws it administers and enforces. The presentation merely serves as an introduction and overview.

WEBINAR AGENDA

INTRODUCTION, *Kelly Rainsford, Esq., Deputy of Regulatory Enforcement*

PAWNBROKER ACT AMENDMENTS, *Christine Thompson, Esq., Staff Attorney*

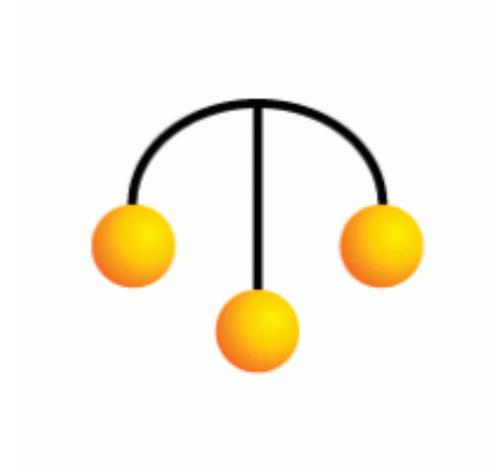
QUESTIONS AND ANSWERS

INTRODUCTION

Background of Amendments

Act No. 292 amended S.C. Code Ann. Section 40-39-10, et seq.

Amendments are product of joint effort between the Department and the pawn industry



LICENSING AMENDMENTS

Surety Bond

Liability Insurance

Criminal Background Checks

Information to Post

Written Notice

Closure of a Pawnshop

GENERAL OPERATIONS AMENDMENTS

Pawn Loan Amount

Hold Period

Third-Party Ownership

Pawn Ticket Information



LICENSING AMENDMENTS

SURETY BOND

Each pawnbroker is required to obtain a **\$15,000 surety bond** for each location in favor of the S.C. Department of Consumer Affairs (“Department”).

A Letter of Credit or Certificate of Deposit will no longer be accepted as evidence of financial responsibility.

SECTION 8. Section 40-39-50 of the 1976 Code is amended to read:

"Section 40-39-50. (A) ~~Every~~ A person seeking a certificate of authority to carry on the business of a pawnbroker shall at the time of application for his certificate file with the Department of Consumer Affairs:

(1) a bond in favor of the department to be executed by the person granted the certificate ~~and by two responsible sureties or by a surety company licensed to do business in this State in the penal sum of five fifteen thousand dollars to be approved by the administrator. The bond must be conditioned for the faithful performance of the duties and obligations pertaining to the business so authorized. In lieu of the above, other evidence of financial responsibility approved by the administrator must be submitted, including, but not limited to, letters of credit or certificates of deposit. Each applicant shall also file proof of his net worth which must be a minimum of thirty-five thousand dollars until that time as liability insurance covering the contents of the pawn location is secured by the pawnbroker. The amount of the liability insurance required must be set by regulations promulgated by the administrator.~~ and

LIABILITY INSURANCE

Each pawnbroker is required to provide proof of **adequate insurance coverage** for all pledged goods in the event of loss by fire, theft, burglary, or liability to the pledger.

SECTION 8. Section 40-39-50 of the 1976 Code is amended to read:

"Section 40-39-50. (A) ~~Every~~ A person seeking a certificate of authority to carry on the business of a pawnbroker shall at the time of application for his certificate file with the Department of Consumer Affairs:

(1) ~~a bond in favor of the department to be executed by the person granted the certificate and by two responsible sureties or by a surety company licensed to do business in this State in the penal sum of five fifteen thousand dollars to be approved by the administrator. The bond must be conditioned for the faithful performance of the duties and obligations pertaining to the business so authorized. In lieu of the above, other evidence of financial responsibility approved by the administrator must be submitted, including, but not limited to, letters of credit or certificates of deposit. Each applicant shall also file proof of his net worth which must be a minimum of thirty-five thousand dollars until that time as liability insurance covering the contents of the pawn location is secured by the pawnbroker. The amount of the liability insurance required must be set by regulations promulgated by the administrator; and~~

(2) proof of adequate insurance coverage for all pledged goods in the event of loss by fire, theft, burglary or otherwise, or liability to the pledgor.

CRIMINAL BACKGROUND CHECKS

A pawnbroker must permit the Department to conduct, criminal history background checks for all **owners, partners, members, officers, directors, and employees** of the pawnshop.

A pawnbroker is required to obtain a criminal background check before hiring a new employee.

INFORMATION TO POST

A pawnbroker must post the pawnshop's **hours of operation** at each location.

A pawnbroker must post the **Pawnbroker Rate Chart** at each location.

PAWNBROKER RATE CHART

PAWN LOAN INTEREST RATES

Consumers: All pawnbrokers operating in South Carolina are required by law to post a schedule showing the maximum rate of LOAN FINANCE CHARGES stated as dollars for each ten dollars for each thirty-day period that the pawnbroker intends to charge for various types of pawn transactions. The purpose of this requirement is to assist you in comparing the maximum rates that pawnbrokers charge, thereby furthering your understanding of the terms of pawn transactions and helping you to avoid the uninformed use of credit.

NOTE: Pawnbrokers are prohibited only from granting credit at rates higher than those specified above. A pawnbroker may be willing to grant you credit at rates that are lower than those specified, depending on the amount, terms, collateral, and your credit worthiness.

Amount Financed	Finance Charge	APR
\$50.00	\$12.50	300.00%
\$60.00	\$14.50	290.00%
\$70.00	\$16.50	282.86%
\$80.00	\$18.50	277.50%
\$90.00	\$20.50	273.33%
\$100.00	\$22.50	270.00%
\$110.00	\$24.00	261.82%
\$120.00	\$25.50	255.00%
\$130.00	\$27.00	249.23%
\$140.00	\$28.50	244.29%
\$150.00	\$30.00	240.00%
\$160.00	\$31.50	236.25%
\$170.00	\$33.00	232.94%
\$180.00	\$34.50	230.00%
\$190.00	\$36.00	227.37%
\$200.00	\$37.50	225.00%
\$210.00	\$38.50	220.00%
\$220.00	\$39.50	215.45%
\$230.00	\$40.50	211.30%
\$240.00	\$41.50	207.50%
\$250.00	\$42.50	204.00%
\$260.00	\$43.50	200.77%
\$270.00	\$44.50	197.78%
\$280.00	\$45.50	195.00%
\$290.00	\$46.50	192.41%
\$300.00	\$47.50	190.00%
\$310.00	\$48.50	187.74%
\$320.00	\$49.50	185.63%
\$330.00	\$50.50	183.64%
\$340.00	\$51.50	181.76%
\$350.00	\$52.50	180.00%

WRITTEN NOTICE

A pawnbroker must notify the Department in writing when:

- An **event** such as a fire, theft, or judicial proceeding may affect pledged goods,
- A pawnbroker requests to **store pledged items** at a place other than the location listed on the Certificate of Authority, or
- An event described in the Pawnbroker Regulation occurs, such as the **relocation** of a pawnshop.



CLOSURE OF A PAWNSHOP

If a pawnshop closes, a pawnbroker must maintain the usual business hours at the pawnshop for **90 days** after the last pawn transaction was made at the pawnshop.

As an alternative, a pawnbroker may **transfer** pledged goods to another pawnbroker, who holds a valid Certificate of Authority.



General Operations Amendments

PAWN LOAN AMOUNT

A pawnbroker may now make a loan up to **\$15,000**.



HOLD PERIOD

When a law enforcement official has probable cause to believe that property in possession of the pawnbroker is stolen, he may place a written hold order on the property.

The hold order must impose a holding period not to exceed **90 days**.



HOLD ORDER

The hold order must be **signed and dated** by the pawnbroker and must include the following pieces of information:

The name and address of the pawnbroker,

The name, title, and identification number of the representative of the law enforcement official or court placing the hold order,

The name and address of the agency or court placing the hold order and the number assigned to the claim regarding the property,

A complete description of the property to be held, including serial number and model number,

The name of the person reporting the property misappropriated or stolen,

Mailing address of the pawnbroker where the property is held, and

The expiration of the holding period.

THIRD-PARTY OWNERSHIP

If there is evidence of third-party ownership, a pawnbroker must not accept the property without first taking steps to ascertain its true ownership. Any such item must be returned **on demand without fee** to the third-party owner.

If property in the pawnbroker's possession was **leased** to a pledger or seller, the pawnbroker must return the property to the lessor if the lessor provides the pawnbroker with appropriate evidence.

If the property was leased and the pawnbroker returns the property, the pledger or seller must reimburse the pawnbroker.

PAWN TICKET INFORMATION – PLEDGER/SELLER AND TRANSACTION



A pawn ticket or buy ticket must include the following information about the **pledger or seller**:

- Name
- Address
- Date of birth
- Driver's license number
- Signature

A pawn ticket or buy ticket must include the following information about the **transaction**:

- Date
- Maturity date
- Amount financed or purchase price
- Finance charge
- Total of payments
- Annual Percentage Rate (APR)
- Statement that the pledger or seller is the lawful owner of the pledged or sold property
- Name and business address of the pawnbroker

PAWN TICKET INFORMATION – PLEDGED OR PURCHASED GOODS

A pawn ticket or buy ticket must include a complete and accurate description of the **pledged or purchased goods** including the following information:

- Brand name
- Model number
- Manufacturer's serial number
- Size
- Color
- Precious metal type, weight, and content
- Gemstone color and shape
- Type of action, caliber or gauge, number of barrels, barrel length, and finish
- Unique markings, numbers, names, or letters



Before a pledge or purchase, the pawnbroker must review the pledger or seller's **state-issued or federally issued photo ID**.

PAWN TICKET DESCRIPTIONS

32" FLAT SCREEN TELEVISION

Brand: Sony

Model Number: 84DSVB344

Serial Number: zhgd28323t51



PAWN TICKET DESCRIPTIONS

5 CARAT DIAMOND RING

Band Size: 7.5

Metal Type: Platinum Gold

Shape: Princess Cut Diamond

Marking: Inside band, "3/7/98"



PAWN TICKET DESCRIPTIONS

FIREARM

Brand Name: Beretta

Model Number: 92FS Inox

Serial Number: BER123456

Type of Action: Single/Double Action Semi-Automatic

Caliber: 9mm

Number of Barrels: 1

Barrel Length: 4.9"

Finish: Stainless Steel



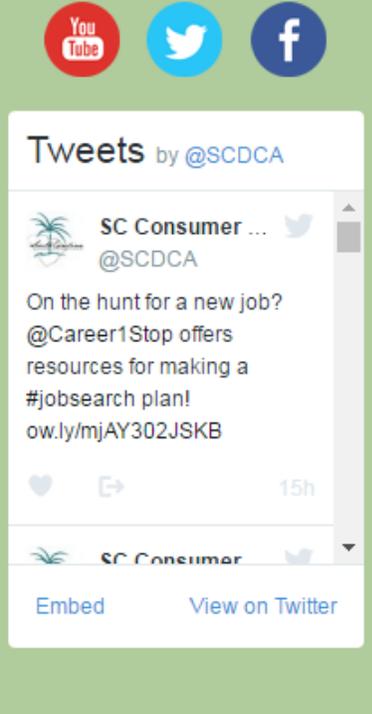
DEADLINE

Monday, October 17, 2016



NEW FORMS POSTED ONLINE

WWW.CONSUMER.SC.GOV



Information about the 2016 Amendments

- [Department's Notice to Pawnbrokers](#)
- [Frequently Asked Questions \(*8/5/16*\)](#)

Law

- [Pawnbroker Statute S.C. Code Ann. § 40-39-10 et seq.](#)
- [2016 Amendments \(*new*\)](#)
- [Pawnbroker Regulation 28-200](#)

Licensing Instructions and Forms

- **National Criminal Records Check Information:** Effective June 9, 2016, pawnbrokers are required to obtain national criminal background checks. The Department is preparing instructions, compiling a list of third party providers, and obtaining a processing number for the purpose of completing criminal background checks. Beginning August 15th, please check this page regularly for more information.

- [2016 Amendments Compliance Form \(*8/5/16*\)](#)
- [Instructions for Initial Application](#)
- [Initial Application](#)
- [Instructions for Renewal](#)
- [Renewal Application](#)
- [Supplemental Form A: Owner/Employee Information](#)
- [Supplemental Form B: Location Information](#)
- [Supplemental Form C: Corporate Information](#)

Sample Documents

- [Notice of Impending Forfeiture](#)
- [Pawnbroker Rate Chart \(*7/29/16*\)](#)
- [Pawnbroker Ticket \(*8/5/16*\)](#)
- [Surety Bond Form \(*8/5/16*\)](#)



STATE OF SOUTH CAROLINA
DEPARTMENT OF CONSUMER AFFAIRS



2016 PAWNBROKER AMENDMENTS COMPLIANCE FORM

Mailing Address
P.O. Box 5757
Columbia, SC 29250-5757

S.C. Code Ann. § 40-39-10 et seq.
www.consumer.sc.gov
803-734-4249/800-922-1594

Street Address
2221 Devine Street, Suite 200
Columbia, SC 29205-2418

This form and the requirements outlined below must be completed **no later than Monday, October 17, 2016**. If any of the required information is not provided by the deadline, the Department will take administrative action. The forms are available on the Department's website (go to www.consumer.sc.gov, click on "Business/Industry Information," then "Pawnbrokers").

Business Name _____
Mailing Address _____
City, State, Zip _____

Contact Person* _____ Contact Title _____
E-mail Address _____ Telephone No. () -

**The contact person is the person the Department will call with any questions.*

1. Have you posted your hours of operation at each location? Yes No
2. Have you posted the new rate schedule (revised 7/29/16) at each location? Yes No
3. Have you attached the following documents to this form?
 - Surety bond in the amount of \$15,000 or bond rider
 - Proof of adequate insurance coverage for all pledged goods
 - Sample pawn ticket in compliance with § 40-39-80(B)(1)
 - Criminal background check forms for each owner, partner, member, officer, director, employee

The undersigned warrants that his or her signature is duly authorized and delivered by and for the entity for which s/he signs. The undersigned swears or affirms and certifies that all information contained in this form and any attachments to this form is true, accurate, and complete.

Signature _____ Title^ _____
Print Name _____ Date _____

^Must be signed by the owner, partner, member, officer, or director of the business

COMPLIANCE FORM

CONCLUSION

New Pawnbroker Regulation

Upcoming Webinar on the Military Lending Act

New forms and FAQs will be updated and posted to the Department's website: <http://www.consumer.sc.gov/>

CONTACT

CHRISTINE THOMPSON

Staff Attorney

cthompson@scconsumer.gov

(803) 734-4187

BARBARA FAIRCLOTH

Senior Licensing Examiner

bfaircloth@scconsumer.gov

(803) 734-4249



QUESTIONS & ANSWERS

