CHAPTER 325J

PAWNBROKERS

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325J.01 DEFINITIONS.

Subdivision 1. **Scope.** As used in this chapter, the following terms have the meanings given them unless the context clearly indicates otherwise.

Subd. 2. **Appropriate law enforcement agency.** "Appropriate law enforcement agency" means the attorney general of the state of Minnesota, the sheriff of each county in which a pawnbroker maintains an office, or the police chief of the municipality or law enforcement officers of the municipality in which a pawnbroker maintains an office.

Subd. 3. **Municipality.** "Municipality" means any town, home rule charter or statutory city, or county that elects to regulate and license pawnbrokers within its jurisdiction pursuant to local ordinance.

Subd. 4. **Pawnbroker.** (a) Except as provided in paragraph (b), "pawnbroker" means a person engaged in whole or in part in the business of lending money on the security of pledged goods left in pawn, or in the business of purchasing tangible personal property to be left in pawn on the condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time.

(b) The following are exempt from the definition of "pawnbroker": any bank regulated by the state of Minnesota, the comptroller of the currency of the United States, the Federal Deposit Insurance Corporation, the board of governors of the Federal Reserve System, or any other federal or state authority and their affiliates; any bank or savings association whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation or any successor to it and all affiliates of those banks and savings associations; any state or federally chartered credit union; and any industrial loan and thrift company or regulated lender subject to licensing and regulation by the Department of Commerce.

Subd. 5. **Pawnshop.** "Pawnshop" means the location at which or premises in which a pawnbroker regularly conducts business.

Subd. 6. **Pawn transaction.** "Pawn transaction" means any loan on the security of pledged goods or any purchase of pledged goods on the condition that the pledged goods are left with the pawnbroker and may be redeemed or repurchased by the seller for a fixed price within a fixed period of time.

Subd. 7. **Person.** "Person" means an individual, partnership, corporation, limited liability company, joint venture, trust, association, or any other legal entity, however organized.

Subd. 8. **Pledged goods.** "Pledged goods" means tangible personal property other than choses in action, securities, bank drafts, or printed evidence of indebtedness, that are purchased by, deposited with, or otherwise actually delivered into the possession of a pawnbroker in connection with a pawn transaction.

History: *1996 c 404 s 1*

325J.02 MUNICIPAL LICENSING AND REGULATION.

(a) For the purpose of promoting the public health, safety, morals, and welfare, a municipality may adopt an ordinance, issue licenses to qualified applicants, and regulate pawn transactions. Ordinances must contain the minimum provisions of this chapter.

(b) A person may not engage in business as a pawnbroker or otherwise portray the person as a pawnbroker unless the person has a valid license authorizing engagement in the business. Any pawn transaction made without benefit of a license is void.

(c) A separate license is required for each place of business. A municipality may issue more than one license to a person if that person complies with this chapter for each license.

(d) Each license shall remain in full force and effect until surrendered, suspended, revoked, or expired. A license may be suspended or revoked for failure to comply with the municipality's ordinance.

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

(f) The appropriate local law enforcement agency shall be notified by the municipality of any licensee whose license has expired or been surrendered, suspended, or revoked as provided by this chapter.

History: *1996 c 404 s 2*

325J.03 LICENSEE ELIGIBILITY.

(a) To be eligible for or to maintain a pawnbroker license, a person must operate lawfully and fairly within the purposes of this chapter and the applicable local ordinance and:

(1) may not be a minor at the time that the application for a pawnbroker's license is filed;

(2) may not have been convicted of any crime directly related to the occupation licensed as prescribed by section 364.03, subdivision 2, unless the person has shown competent evidence of sufficient rehabilitation and present fitness to perform the duties of a licensee under this chapter as prescribed by section 364.03, subdivision 3; and

(3) must be of good moral character or repute.

(b) Any change, directly or beneficially, in the ownership of any licensed pawnshop shall require the application for a new license and the new owner must satisfy all current eligibility requirements.

History: *1996 c 404 s 3*

325J.04 PAWN TICKETS.

Subdivision 1. **Entries of pawn tickets.** At the time of making the pawn or purchase transaction, the pawnbroker shall immediately and legibly record in English the following information by using ink or other indelible medium on forms or in a computerized record approved by the municipality:

(1) a complete and accurate description of the property, including model and serial number if indicated on the property;

(2) the full name, residence address, residence telephone number, and date of birth of the pledgor or seller;

(3) date and time of pawn or purchase transaction;

(4) the identification number and state of issue from one of the following forms of identification of the seller or pledgor: current valid Minnesota driver's license; current valid Minnesota identification card; or current valid photo identification card issued by another state or a province of Canada;

(5) description of the pledgor including approximate height, sex, and race;

(6) amount advanced or paid;

(7) the maturity date of the pawn transaction and the amount due; and

(8) the monthly and annual interest rates, including all pawn fees and charges.

Subd. 2. **Printed pawn ticket.** The following shall be printed on all pawn tickets:

(1) the statement that "Any personal property pledged to a pawnbroker within this state is subject to sale or disposal when there has been no payment made on the account for a period of not less than 60 days past the date of the pawn transaction, renewal, or extension; no further notice is necessary. There is no obligation for the pledgor to redeem pledged goods.";

(2) the statement that "The pledgor of this item attests that it is not stolen, it has no liens or encumbrances against it, and the pledgor has the right to sell or pawn the item.";

(3) the statement that "This item is redeemable only by the pledgor to whom the receipt was issued, or any person identified in a written and notarized authorization to redeem the property identified in the receipt, or a person identified in writing by the pledgor at the time of the initial transaction and signed by the pledgor. Written authorization for release of property to persons other than the original pledgor must be maintained along with the original transaction record."; and

(4) a blank line for the pledgor's signature.

History: *1996 c 404 s 4*

325J.05 RECORDS; RETENTION.

(a) The pledgor or seller shall sign a pawn ticket and receive an exact copy of the pawn ticket.

(b) The pawnbroker shall maintain on the premises a record of all transactions of pledged or purchased goods for a period of three years. These records shall be a correct copy of the entries made of the pawn transactions. A pawnbroker shall upon request provide to the appropriate law enforcement agency a complete and accurate record of pawn transactions. If the pawnbroker provides the records in a computerized format, they must be provided in the interchange file specification format.

(c) For purposes of paragraph (b), "interchange file specification format" means the most current version of the Minneapolis automated pawn system interchange file specification format.

History: *1996 c 404 s 5; 2000 c 274 s 1*

325J.06 EFFECT OF NONREDEMPTION.

(a) A pledgor shall have no obligation to redeem pledged goods or make any payment on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of the pawn transaction shall automatically be forfeited to the pawnbroker, and qualified right, title, and interest in and to the goods shall automatically vest in the pawnbroker.

(b) The pawnbroker's right, title, and interest in the pledged goods under paragraph (a) is qualified only by the pledgor's right, while the pledged goods remain in possession of the pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees and/or interest accrued up to the date of redemption.

(c) A pawn transaction that involves holding only the title to property is subject to chapter 168A or 336.

History: *1996 c 404 s 6; 2017 c 94 art 8 s 11*

325J.07 PERMITTED CHARGES.

(a) Notwithstanding any other statute, ordinance, rule, regulation, or section 325J.13, a pawnbroker may contract for and receive a pawnshop charge not to exceed three percent per month of the principal amount advanced in the pawn transaction plus a reasonable fee for storage and services. A fee for storage and services may not exceed $20 if the property is not in the possession of the pawnbroker.

(b) The pawnshop charge allowed under paragraph (a) shall be deemed earned, due, and owing as of the date of the pawn transaction and a like sum shall be deemed earned, due, and owing on the same day of the succeeding month. However, if full payment is made more than two weeks before the next succeeding date, the pawnbroker shall remit one-half of the pawnshop charge for that month to the pledgor.

(c) Interest shall not be deducted in advance, nor shall any loan be divided or split so as to yield greater interest or fees than would be permitted upon a single, consolidated loan or for otherwise evading any provisions of this section.

(d) Any interest, charge, or fees contracted for or received, directly or indirectly, in excess of the amount permitted under this section, shall be uncollectible and the pawn transaction shall be void.

(e) A schedule of charges permitted by this section shall be posted on the pawnshop premises in a place clearly visible to the general public.

History: *1996 c 404 s 7*

325J.08 RECORDS; PROHIBITIONS.

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

(1) make any false entry in the records of pawn transactions;

(2) falsify, obliterate, destroy, or remove from the place of business the records, books, or accounts relating to the licensee's pawn transactions;

(3) refuse to allow the appropriate law enforcement agency, the attorney general, or any other duly authorized state or federal law enforcement officer to inspect the pawn records or any pawn goods in the person's possession during the ordinary hours of business or other times acceptable to both parties;

(4) fail to maintain a record of each pawn transaction for three years;

(5) accept a pledge or purchase property from a person under the age of 18 years;

(6) make any agreement requiring the personal liability of a pledgor or seller, or waiving any provision of this section, or providing for a maturity date less than one month after the date of the pawn transaction;

(7) fail to return pledged goods to a pledgor or seller, or provide compensation as set forth in section 325J.09, upon payment of the full amount due the pawnbroker unless either the date of redemption is more than 60 days past the date of the pawn transaction, renewal, or extension and the pawnbroker has sold the pledged goods pursuant to section 325J.06, or the pledged goods have been taken into custody by a court or a law enforcement officer or agency;

(8) sell or lease, or agree to sell or lease, pledged or purchased goods back to the pledgor or seller in the same, or a related, transaction;

(9) sell or otherwise charge for insurance in connection with a pawn transaction; or

(10) remove pledged goods from the pawnshop premises or other storage place approved by a municipality at any time before the expiration of the redemption period pursuant to section 325J.06. However, (i) a pawnbroker is permitted to return pledged goods to the borrower at any time during the redemption period, (ii) a pawnbroker is permitted to sell the pledged goods or remove the pledged goods from the pawnshop premises or other storage at any time after the expiration of the redemption period set forth in section 325J.06, and (iii) a pawnbroker who purchases goods not involving a pawn transaction is permitted to sell or remove the purchased goods from the pawnshop premises or other storage 31 days or later from the purchase transaction date.

History: *1996 c 404 s 8; 2011 c 82 s 1*

325J.09 REDEMPTION; RISK OF LOSS.

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

History: *1996 c 404 s 9*

325J.095 MOTOR VEHICLE TITLE PAWN TRANSACTIONS; SPECIAL PROVISIONS.

(a) In addition to the other requirements of this chapter, a pawnbroker who holds a title to a motor vehicle as part of a pawn transaction shall:

(1) be licensed as a used motor vehicle dealer under section 168.27, and post such license on the pawnshop premises;

(2) verify that there are no liens or encumbrances against the motor vehicle with the Department of Public Safety; and

(3) verify that the pledgor has automobile insurance on the motor vehicle as required by law.

(b) A pawnbroker may not sell a motor vehicle covered by a pawn transaction until 90 days after recovery of the motor vehicle.

History: *1996 c 404 s 10*

325J.10 [Repealed, 2011 c 82 s 3]

325J.11 VIOLATION.

A violation of this chapter by a pawnbroker or pledgor is a misdemeanor.

History: *1996 c 404 s 12*

325J.12 TRANSITION.

(a) Pawnbrokers that are in business when a municipality adopts an ordinance under this chapter must apply for a license and pay the required fee within six months of adoption of the ordinance.

(b) A county that has adopted an ordinance under Minnesota Statutes 1994, sections 471.924 to 471.927, must conform the ordinance to this chapter by August 1, 1997. Pawnbrokers that are in business when a municipality adopts a new ordinance under this chapter must apply for a license and pay the required fee within six months of the adoption of the new ordinance.

History: *1996 c 404 s 13*

325J.13 ORDINANCES; CONSISTENCY.

With the exception of section 325J.08, clauses (7) and (10), nothing in this chapter preempts or supersedes any ordinance adopted by a municipality that provides for more restrictive regulation of pawnbrokers or pawn transactions.

History: *1996 c 404 s 14; 2011 c 82 s 2*