



**House
Legislative
Analysis
Section**

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AMEND PAWNBROKERS ACT

House Bills 5045 and 5046
Sponsor: Rep. Floyd Clack
Committee: State Affairs

Complete to 8-16-91

A SUMMARY OF HOUSE BILLS 5045 AND 5046 AS INTRODUCED 7-25-91

Public Act 273 of 1917 provides for the regulation and licensure of pawnbrokers in cities and incorporated villages with populations of more than 3,000 people. Public Act 350 of 1917 provides for the regulation and licensure of second hand dealers and junk dealers in cities and villages with a population of 1,000 people and located in counties with 25,000 or more people. Public Act 231 of 1945 requires pawnbrokers, secondhand dealers and junk dealers to obtain fingerprints of people they receive property from and to send copies of the fingerprints to the local chief of police and one copy to the "commissioner of the Michigan state police."

House Bill 5045 (MCL 446.205 et al.) would make a number of amendments to the pawnbroker act (including requiring the use of a transaction form with a place for the customer's fingerprints). House Bill 5046 (MCL 445.471 and 445.472) would delete pawnbrokers from the 1945 act requiring pawnbrokers, secondhand dealers, and junk dealers to get their customer's fingerprints. Neither bill could be enacted unless both were.

House Bill 5045. The pawnbrokers act (Public Act 273 of 1917) defines "pawnbroker" as anyone who "loans money on deposit, or pledge of personal property, or other valuable thing" (other than securities or printed evidence of indebtedness) 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." The act requires pawnbrokers to keep a book in which certain information is recorded concerning property received by the pawnbroker. The record must include a description of the article, the amount of money loaned on the property, the rate of interest on the loan, the name, address, and a general description of the person pawning the property, and the day and hour the pawnbroker received the property. The book (and pawned articles) must be available for examination by the city mayor, president, or attorney; city, county, or village police officers; and the prosecuting attorney. In addition to the record book, pawnbrokers are required to make daily sworn statements to the local chief of police of the pawnbroker's transactions, describing the property received and the name, residence, and description of the person pawning the property. Pawnbrokers also must give, without charge, a signed, consecutively numbered "memorandum" or note to the person pawning the property. The note or information has to contain the same information that appears in the daily statement to the police (description of the property, name, residence, and description of the person pawning the property), along with a statement (the wording of which is specified in the act) voiding the transaction if the pawnbroker charges more than three percent interest per month, plus storage charges, on the loan made on the pawned property. Pawnbrokers must keep pawned articles for at least six months before they can sell the articles, and then sales can only be

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through public auction under the direction and control of the pawnbroker. Before a pawned article is sold, a customer may redeem the article by paying the debt, interest and charges, and any costs of advertising the sale. If a pawned article is sold and there is any surplus money after deducting the amount of the loan, the interest and charges due, and the expense of advertising, the pawnbroker must pay the surplus to the person who pawned the article. Pawnbrokers are prohibited from doing business on Sundays.

The bill would make the following changes to the act:

- * The pawnbroker would have to include in his or her record book, in addition to the information required at present, a sequential transaction number and the driver license number or official state personal identification number of the person pawning the article. The rate of interest on the loan would no longer have to be recorded.

- * The record book could be inspected by the city attorney, local police agency, the county prosecuting attorney, and the state police. The mayor, president, and sheriff or other county police officers would be deleted from this list.

- * The section of the act requiring pawnbrokers to make sworn daily statements to the chief of police would be repealed. Instead, the bill would require licensed pawnbrokers to fill out for each transaction, on forms provided by the Department of State Police and specified in the bill, three copies of a permanent record of the transaction. The pawnbroker would keep one copy and, within 48 hours, send the other two copies to the local police and to the state police.

- * The bill would continue to require pawnbrokers, at the time of a transaction, to give the person pawning property a "memorandum" which contained the same transaction number recorded in the pawnbroker's record book and which could be used to redeem the pawned article. Within 24 hours of receiving an article, the pawnbroker would have to attach a tag containing the article's transaction number.

- * Pawnbrokers would have to keep pawned property for only 30 days (instead of six months) before selling it, and would not have to sell it by public auction.

- * The bill would delete the requirement that a customer pay the cost of advertising the sale of a pawned article in order to redeem it, and would repeal the section of the act requiring the pawnbroker to pay the customer any surplus money from the sale of a pawned article.

- * Pawnbrokers would be prohibited from accepting any articles that customarily bore a manufacturer's serial number unless it was plainly visible on the article.

- * The bill would repeal the section of the act prohibiting pawnbrokers from doing business on Sundays.