

ORDINANCE NO. 872
2ND SERIES

**AN ORDINANCE AMENDING CHAPTER 4.51 OF THE ALEXANDRIA CITY CODE
REGARDING PAWNBROKERS**

The City Council of the City of Alexandria does hereby ORDAIN:

SECTION I. That Section 4.51 of the Alexandria City Code is hereby amended by deleting the existing language in its entirety and replacing with the following:

Section 4.51. Pawnbrokers.

Subd. 1. **Definition.** For the purposes of this Section, the following words and phrases shall have the meanings respectively ascribed to them by this Section:

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

B. **Item containing precious metal.** An item made in whole or in part of metal and containing more than one percent by weight of silver, gold, or platinum.

C. **Pawnbroker.** Any natural person, partnership, corporation, limited liability company, joint venture, trust, association or any other legal entity, either as principal, or agent or employee thereof, who loans money on deposit or pledge of personal property, or other valuable thing, including an item containing precious metal, or who deals in the purchasing of personal property, or other valuable thing, including an item containing precious metal, 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, including an item containing precious metal, previously used, rented, or leased, or selling it on consignment, the provisions of this Section shall be applicable.

A pawnbroker licensed under this Section shall have the authority to receive or purchase precious metals or items containing precious metal without obtaining a separate precious metal dealer license under this Section.

C. **Precious metals.** Precious metals mean silver, gold, and platinum.

D. **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, or for which a unique transaction number or identifier is generated by their point-of-sale software, or an item is confiscated by law enforcement, is reportable except:

i. 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;

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

Subd. 2. **License Required.** No person shall exercise, carry on, or be engaged in the trade or business of a pawnbroker or act as a pawnbroker within the city unless the person is currently licensed pursuant to the provisions of this Subdivision. A pawn transaction made without the benefit of a license is void. Such license shall authorize the licensee to engage in the pawnbroking business at the premises named on the license. Each premises shall require a separate license. No person shall be eligible for a license unless such person meets the eligibility standards set forth in Minnesota Statutes Section 325J.03(a) or its successor. Licenses shall be nontransferable. Any change in the direct or beneficial ownership of a pawnbroking business, including pawnbroking businesses lawfully operating pursuant to Minnesota Statutes Section 325J.10, shall be reported by the licensee to the clerk and shall require a new license.

Subd. 3. **Same Fees.**

A. The applicant for a license under this Section shall accompany the application to the city clerk with a license fee, which shall be set in accordance with this Code;

B. If the license period is for less than one year, the fee to be paid by the applicant shall be a pro rata portion of the amount required for the entire year; provided that the minimum fee shall be not less than that set in accordance with this Code;

C. During any month, or part thereof, when the city or the chief of police requires computerized recordkeeping of pawnbrokers, each licensee shall also pay a monthly license fee to the city treasurer on a per transaction basis. The fee shall be equal to the amount of City's per transaction cost of participating in computer interchange file specification format mandated by Minnesota Statutes Section 325J.05, or its successor, together with a fee per billable transaction, the amount of which is set in accordance with this Code, which amount will cover the city's costs in processing the data. The licensee shall pay this transaction fee to the city within 30 days of the date of the billable transaction. A licensee may pass this fee through to their customers by imposing a per transaction fee to persons pawning goods that is equal to the per transaction license fee paid to the city by the licensee. This customer per transaction fee shall not be considered as a fee or interest for purposes of determining compliance with maximum permitted charges by pawnbrokers under Minnesota Statutes Section 325J.07.

Subd. 4. **Same Term; Expiration Date.** A license issued under this Section shall expire on the 1st day of January each year.

Subd. 5. **Bond Required.** Every applicant for a license under this Section shall accompany his application with a bond in the sum of \$1,000, executed by a corporation authorized to do business in this state and conditioned that in conducting such business, the licensee will, in all things, observe the conditions and provisions of this Section. Such bond shall be for the benefit of the city or any person who shall suffer any damage through the act of such pawnbroker.

Subd. 6. **Records to Be Kept; Right of Inspection; Pawn Tickets.**

A. Each person licensed hereunder shall keep a record of each reportable transaction made in the course of his or her business. Such records shall be in a form prescribed by the chief of police and shall, in all instances, be legibly made in ink and be in the English language. The record so kept shall include the following information about each transaction:

i. 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;

ii. The purchase price, amount of money loaned upon or pledged therefor;

iii. The maturity date of the transaction and the amount due, including monthly and annual interest rates and all pawn fees and charges;

iv. Date, time, and place 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;

v. Full name, current residence address, current 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;

vi. 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 U.S. state or a province of Canada;

d. Current valid tribal identification card as defined in Minnesota Statutes Section 171.072;

e. Current valid military identification card issued by the United States department of defense;

vii. The signature of the person identified in the transaction.

B. The records required herein shall be kept available for police inspection at any reasonable time at the licensee's place of business and shall be kept for at least three years after any transaction;

C. The chief of police may require that all records and information required to be kept by this Section be kept by computer or other electronic format, or that video or photographic records be kept. The chief of police may also require that the computerized or electronic records of the pawnbrokers be electronically transmitted to the Alexandria Police Department on a periodic basis. The format for computerized pawnbroker records shall be the "interchange file specification format" specified in Minnesota Statutes Section 325J.05(b) and (c) or its successor;

D. The pledgor or seller shall sign a pawn ticket and receive an exact copy of the pawn ticket. The following shall be printed on all pawn tickets:

i. 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 the 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.";

ii. 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.";

iii. 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

iv. A blank line for the pledgor's signature;

E. All licensees shall take a color photograph of every item pawned or sold. The photograph 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. Items photographed must be accurately depicted. A high-quality color scan of every item pawned or sold may be taken in lieu of a photograph provided the items scanned are accurately depicted;

F. All licensees shall take a color photograph of each customer involved in a reportable transaction. In the alternative, all licensees shall make a high-quality color photocopy of the current valid photo identification presented by each customer. The photograph 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. The major portion of the photograph must include an identifiable front facial close-up of the person. 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;

G. All photographs, photocopies of valid photo identifications, and color scans of items pawned or sold, are reportable transaction information that must be submitted to the Automated Pawn System as set forth in Subdivision 7 of this Section.

H. The licensee shall, at all times during the term of the license, allow the Alexandria police department, or designee, to enter the premises where the licensee's business is located, during normal business hours and at all other reasonable times, for the purpose of inspecting such premises and inspecting the items, ware and merchandise therein for the purpose

of locating items suspected or alleged to have been stolen or otherwise improperly disposed of and to verify compliance with this Section and applicable state laws.

Subd. 7 Daily Reports to Chief of Police. Every pawnbroker shall make available to the chief of police every day, before the hour of 12:00 noon, a complete, legible, and correct copy of the records required by Subdivision 6 and Minnesota Statutes Chapter 325J or its successor, for all transactions occurring on the previous day. If the chief of police requires computerized recordkeeping for pawnbroker records, the chief shall also set and enforce specifications for each licensee's transmittal of those records to local and statewide authorities or data systems.

A. Effective no later than 60 days after the police department provides licensees with the current version of the Automated Pawn System Interchange File Specification or similar automated record system as may be specified by the city, licensees must submit every reportable transaction to the police department daily. Licensees must provide to the police department all reportable transaction information by transferring it from their computer to the Automated Pawn System via modem using the current version of the Automated Pawn System Interchange File Specification. 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. Any transaction that does not meet the Automated Pawn System Interchange File Specification must be corrected and resubmitted the next business day. The licensee must display a sign of sufficient size, in a conspicuous place in the premises, which informs patrons that all transactions are reported to the police department daily;

B. Billable transaction fees. Licensees will be charged for each billable transaction reported to the police department;

i. If a licensee is unable to successfully transfer the required reports by modem, the licensee must provide the police department, upon request, printed copies of all reportable transactions along with the video surveillance for that date, by noon the next business day;

ii. 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 continue to provide the required reports as detailed in Subdivision 6 of this Section, and must be charged a reporting failure penalty, daily, until the error is corrected, which penalty shall be set in accordance with Subdivision 8 of this Section;

iii. If the problem is determined to be outside the licensee's system, the licensee must continue to provide the required reports in Subdivision 6 of this Code, and resubmit all such transactions via modem when the error is corrected;

(4) 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;

v. Subdivision 7.B.i. through iii. notwithstanding, the police department may, upon presentation of extenuating circumstances, delay the implementation of the daily reporting penalty.

Subd. 8. Pledge or Pawn Not Forfeited for 60 Days. Any person pledging or pawning any article with any pawnbroker shall have at least 60 days from the date of the pawn transaction, renewal, or extension, to redeem the same before the pledge or pawn becomes forfeited.

Subd. 9. Holding Periods; Labels Required.

A. Pawned items. Any person pledging, pawning, or depositing an item for security must have a minimum of 60 days from the date of that transaction to redeem the item before it may be forfeited and sold. During the 60-day redemption period or any extensions of the pawn transaction, items may not be removed from the premises or sold. However, licensees are permitted to return pledged goods to the borrower at any time during the redemption period. 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 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 in accordance with this Section.

B. Purchased items. Any item, including an item containing precious metal, sold to a pawnbroker shall not be sold or otherwise removed from the premises for at least 30 days from the date of the purchase transaction. Such items may not be altered, modified, or changed in any way during this holding period;

C. 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.

Subd. 10. **Hours of Operation.** From 9:00 p.m. Saturday to 7:00 a.m. Monday, no property shall be received as a pledge or purchase by any pawnbroker; nor shall any property be sold during said hours by any pawnbroker, nor on any other day before 7:00 a.m. nor any day after 9:00 p.m. No pawnbroker shall be open for business of any kind on the following holidays: New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, after 4:00 p.m on December 24, and Christmas Day.

Subd. 11. **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 72 hours and will remain in effect for 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 Subdivision 11.B. or C. of this Subdivision, 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 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:

i. Physically confiscate and remove it from the shop, pursuant to a written order from the chief or the chief's designee; or

ii. Place the item on hold or extend the hold as provided in Subdivision 11.B. of this Code 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.

Subd. 12. **Prohibited Conduct.** A pawnbroker, and any clerk, agent, or employee of a pawnbroker, shall not:

A. Make any false entry in the records of pawn transactions;

B. Falsify, obliterate, destroy, or remove from the place of business the records, books or accounts relating to the licensee's pawn transactions;

C. Refuse to allow the Alexandria police, 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 actual or constructive possession during the ordinary hours of business or at other reasonable times;

D. Fail to maintain a record of each pawn transaction for three years;

E. Accept a pledge, or purchase property from, a person under the age of 18 years, nor from an intoxicated person;

F. Make any agreement requiring the personal liability of a pledgor or seller, or waiving any provision of this Section;

G. Fail to return pledged goods to a pledgor or seller, or provide compensation as set forth in Minnesota Statutes Section 325J.09, or its successor, 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 Minnesota Statutes Section 325J.06, or its successor, or the pledged goods have been taken into custody by a court or a law enforcement officer or agency;

H. Sell or lease, or agree to sell or lease, pledged or purchased goods back to the pledgor or seller in the same, or in a related, transaction;

I. Remove pledged goods from the pawnshop premises or other storage place approved by the chief of police at any time before the expiration of the redemption period pursuant to Minnesota Statutes Section 325J.06 or its successor. 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 Minnesota Statutes Section 325J.06 or its successor, 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 31 days or later from the purchase transaction date.

Subd. 13. Identification Requirements.

A. Each person pawning, pledging, or selling items in an establishment licensed pursuant to this Section shall identify himself or herself, as provided herein, to the licensee or licensee's agent accepting such pawn, pledge or sale and shall present himself or herself for taking of a photo or video picture, and, if requested, a fingerprint. Neither the licensee nor any of his or her agents shall transact any business with any person who fails to identify himself or herself as provided herein. Identification shall be made as follows:

i. By a showing of one of the forms of photo identification as set forth in Subdivision 6 of this Section. The licensee or agent shall record the information contained on face of said photo identification on the record required by Subdivision 6 of this Section; or, if the person has none of these forms of photo identification, then

ii. By a showing of a form of identification sufficient to establish proof of age as set out in Minnesota Statutes Section 340A.503, Subd. 6, as it may be amended or succeeded. The licensee or agent shall record the type of identification, any identifying number on the identification, and the name and physical description on the identification in the record required by Subdivision 6 of this Section;

B. The licensee or licensee's agent transacting the pawn, pledge or sale shall have the affirmative duty to compare all pictures, physical descriptions and signatures on the identification presented with the physical features and signature of the person presenting such identification and shall not transact any business with any person who appears to be presenting false identification.

Subd. 14. False Statements and Identification Prohibited. No person shall misrepresent his identity to any pawnbroker, nor shall any person furnish such pawnbroker with any identification not belonging to and identifying himself.

Subd. 15. Suspension and Revocation of License.

A. Any license issued pursuant to this Section may be suspended for up to 60 days or revoked by the chief of police for good cause. If the chief of police intends to revoke or suspend such license, he shall give written notice of such intention to the licensee at least 20 days before such suspension or revocation is to begin. The licensee may then demand a hearing before the chief of police. Such demand shall be made in writing to the chief of police and must be made within ten days after the notice of revocation or suspension is received. For the purposes of this Subdivision "good cause" shall include, but not be limited to:

- i. Conviction of licensee or any of his employees of any crime relating to the operation of a pawnbroking business;
- ii. Violation by the licensee or his employees of any of the provisions of this Section or any other ordinance or statute relating to the operation of a pawnbroking business;
- iii. Failure to record any item pawned, pledged or purchased by the licensee or his employees;
- iv. Failure to submit to the police all required records;
- v. Failure to tell the truth to any police officer about any material fact about which such police officer inquires in the course of an investigation;
- vi. Falsely stating any material fact on the license application;
- vii. Submitting a false or incomplete record to the police;

B. Any person whose license is suspended or revoked by the chief of police may appeal such suspension or revocation to the city council. Such appeal must be made in writing within ten days of the final order of suspension or revocation of the chief of police and shall be heard at the first regularly scheduled meeting of the city council thereafter.

SECTION II. This Ordinance shall be in effect and full force after its publication.


ADOPTED by the City Council of the City of Alexandria this 22nd day of August, 2022, by the following vote:

YES: FRANZEN, THALMAN, ALLEN, BENSON, WIENER

NO: NONE

ABSENT: NONE


Bobbie K. Osterberg, Mayor

ATTEST: 
Martin D. Schultz, City Administrator