

No. 1994-163

## AN ACT

SB 926

Amending the act of April 6, 1937 (P.L.200, No.51), entitled "An act licensing and regulating the business of pawnbrokers; providing for the issuance of licenses by the Secretary of Banking; authorizing the Secretary of Banking to make examinations and issue regulations; limiting the interest and charges on loans; and prescribing penalties for the violation of this act," adding a definition; further providing for application for license; providing for a hearing and license renewal; and further providing for license fees, for powers of the Secretary of Banking and for interest and charges.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 2 of the act of April 6, 1937 (P.L.200, No.51), known as the Pawnbrokers License Act, is amended by adding a definition to read:

Section 2. Definitions.—The following terms shall be construed in this act to have the following meanings, except in those instances where the context clearly indicates otherwise.

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***"Secretary of Banking" includes a designee of the Secretary of Banking.***

Section 2. Section 4 of the act is amended to read:

Section 4. Application for License.—(a) The application for such license shall be in writing, under oath and in the form prescribed by the Secretary of Banking and shall contain the name and address of the residence of the applicant, and if the applicant is a partnership, association, joint-stock company or common law trust of every member thereof, and if the applicant is a business corporation or nonprofit corporation of each officer and director thereof; also the county and municipality with street and number, if any, office building and room number, if any, where the business is to be conducted and such further information as the Secretary of Banking may require. The application shall be signed by the individual owner if the applicant is an individual, by all the partners if the applicant is a partnership, by two officers if the applicant is an association, joint-stock company or common law trust, and by the president and secretary if the applicant is a business corporation or a nonprofit corporation.

***(b) Every applicant for a new license shall post, for a period of at least thirty (30) days beginning with the day the application is filed with the Secretary of Banking, in a conspicuous place on the outside of the premises or at the proposed new location for which the licensee applies a notice of the application in the form, of the size and containing provisions as the Secretary of Banking may require by its regulations. Proof of the posting of the notice shall be filed with the Secretary of Banking.***

Section 3. The act is amended by adding sections to read:

**Section 4.1. Hearing.**—*A public hearing shall be held upon initial application for a pawnbroker's license. The Secretary of Banking shall permit residents residing within a radius of five hundred (500) feet of the proposed location to testify at the hearing. All costs of the hearing shall be borne by the applicant. The Secretary of Banking shall give appropriate evidentiary weight to any testimony of these residents in the review of the application.*

**Section 5.1. License Renewal.**—*(a) An application for license renewal shall be published thirty (30) days before renewal in a newspaper of general circulation in the municipality where the license is to be renewed.*

*(b) The Secretary of Banking shall not issue a license or a license renewal for a period of at least five (5) years to any applicant who has been determined to be operating as a pawnbroker without a license.*

Section 4. Section 6 of the act is amended to read:

**Section 6. License Fee.**—*Every application for license under this act shall be accompanied by an annual license fee [of one hundred (\$100.00) dollars.] as set by section 603-A(3) of the act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929." All licenses shall expire on October first annually. No abatement of the said license fee shall be made if the license is issued for less than one year. Every license shall be renewed annually on the first day of October and an [additional license fee of one hundred (\$100.00) dollars] annual license renewal fee as set by section 603-A(3) of "The Administrative Code of 1929" shall be paid for the next ensuing license year.*

All license fees and fines received by the Secretary of Banking shall be deposited in the State Treasury to the credit of the Banking Department Fund for the use of the Secretary of Banking in administering this act.

Section 5. Section 8 of the act, repealed in part April 28, 1978 (P.L.202, No.53), is amended to read:

**Section 8. Powers of the Secretary of Banking.**—*(a) The Secretary of Banking shall have the power to reject any application for license if he is satisfied that the financial responsibility, experience, character, and general fitness of the applicant or applicants is not such as to command the confidence of the community and to warrant the conclusion that the business will be operated honestly, fairly, and within the laws of this Commonwealth, or if he is not satisfied that allowing such applicant to engage in business will promote the convenience and advantage of the community in which the business of the applicant is to be conducted: Provided, however, That no license may be issued to an applicant who has been convicted under this act for engaging in the business of pawnbroking in this Commonwealth, without having obtained a license under this act. Further, the Secretary of Banking may reject an application for a license based upon proliferation of existing licenses within the same area, community opposition to the application and*

***inability to meet minimum capital requirements or recordkeeping obligations.***

(b) The Secretary of Banking may, upon thirty (30) days' written notice to the pawnbroker, forwarded by registered mail to the place of business of such pawnbroker as shown in the application for license, stating the contemplated action and in general the grounds therefor, revoke any license if the pawnbroker shall violate any provision of this act, or if the pawnbroker shall violate any rule or regulation made by the Secretary of Banking under and within the authority of this act, or if a pawnbroker shall fail to comply with any demand, rule or regulation lawfully made by the Secretary of Banking under and within the authority of this act, or if the pawnbroker shall fail to pay the cost of examination by the Secretary of Banking or his authorized representative, or if the pawnbroker has failed to maintain in effect the bond required under the provisions of this act, or if the pawnbroker shall fail to file the annual report to the Secretary of Banking within the time stipulated in this act, or if any fact or condition exists which, if it had existed at the time of original application for such license, clearly would have warranted the Secretary of Banking originally in refusing to issue such license. Whenever such license is revoked, the Secretary of Banking shall not issue another to the said pawnbroker until the expiration of at least one year from the date of revocation of such license and not at all if such pawnbroker shall have been convicted for a deliberate violation of this act or for a second offense.

(c) The Secretary of Banking may require a pawnbroker licensed under this act to file special reports in addition to the annual report required under this act.

(d) The Secretary of Banking is hereby authorized and empowered to issue rules and regulations governing the records to be maintained by a pawnbroker licensed under this act, and he is further authorized and empowered to issue such general rules and regulations as may be necessary for the protection of the public and to insure the proper conduct of such business, and for the enforcement of this act, which rules and regulations shall have the force and effect of law. ***These rules and regulations shall include minimum start-up and capital operating requirements, the filing of annual reports to the Secretary of Banking and any other financial recordkeeping the Secretary of Banking deems necessary to ensure compliance with this act.***

Section 6. Section 12(A) of the act, amended May 20, 1949 (P.L.1485, No.442), is amended to read:

Section 12. Interest and Charges.—(A) A pawnbroker shall not charge, contract for or receive interest in excess of six per cent (6%) per year on any loan.

In addition to interest at the rate of six per cent (6%) per year, a pawnbroker may charge and collect from the pledger fees for storage, insurance, investigation, and other services which shall be—

Not more than two and one-half per cent (2 1/2%) per month on that part of the unpaid principal balance of any loan [not in excess of one hundred fifty dollars (\$150.00), and one and one-half per cent (1 1/2%) per month on any remainder of such unpaid principal balance.]: *Provided, however, That a pawnbroker may charge an additional fee of up to one dollar (\$1.00) to cover reporting relating to any pledge required by any governmental unit.*

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Section 7. This act shall take effect in 60 days.

APPROVED—The 28th day of December, A.D. 1994.

ROBERT P. CASEY