

ORDINANCE NO. 1889

AN ORDINANCE ENACTED BY THE BOARD OF COMMISSIONERS OF THE CITY OF DANVILLE, KENTUCKY, RELATING TO THE DUTIES OF PAWNBROKERS AND PRECIOUS METAL DEALERS AND FOR THE REPORTING OF TRANSACTIONS INVOLVING THEM.

WHEREAS, the Board of Commissioner of the City Danville (hereinafter "City"), finds that the reporting of all transactions by pawnbrokers and precious metal assists law enforcement in retrieving stolen property before it is resold or destroyed for scrap and prosecute criminals who are in possession of and sell or pawn stolen property; and

WHEREAS, the City finds and declares that the purpose of this Ordinance is to protect public health, safety, and general welfare, and to enforce the laws prohibiting the act of not reporting transactions and to aid in the prevention of engaging in such transactions with convicted persons by pawnbrokers and precious metal dealers.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF DANVILLE, KENTUCKY AS FOLLOWS:

**SECTION 1. Definitions.**

- (a) "*Pawnbroker*" means any person who loans money on deposit of personal property, or who deals in the purchase of personal property on condition of selling the property back again at a stipulated price, or who makes a public display at his place of business of the sign generally used by pawnbrokers to denote their business, or who publicly exhibits a sign advertising money to loan on personal property or deposit is a pawnbroker.
- (b) "*Precious metal dealer*" means any business that engages in the purchase of non-ferrous metals for the purposes of reselling and/or recycling metal for its physical qualities. Businesses are also identified as precious metal dealers if that business advertises that they purchase gold or silver for cash. A precious metal dealer does not include any recycler who, as part of their business, purchases motor vehicles for scrap metal.
- (c) "*Leadsonline*" means an existing web-based central reporting system that allows pawnbrokers and precious metal dealers to report their transactions to law enforcement with information required by Kentucky Revised Statute and this ordinance.
- (d) "*Larceny offender list*" means a list maintained by law enforcement containing the names and identifying information of individuals known to have been convicted of an offense involving the sale of stolen property within the prior three years.

**SECTION 2. Pawnbroker/Precious Metal Dealers License.**

- (a) Within 30 days of the effective date of this ordinance, all pawnbrokers and precious metal dealers located within the City of Danville shall be required to secure a Pawnbroker/Precious Metal Dealer's License by making application to the Code Enforcement Director. Such application shall be on standard forms furnished by the Director and shall contain all information determined by the City Commission to be necessary for an evaluation of the applicant's eligibility to be licensed hereunder. As a part of the application process, the applicant must produce proof that, if approved for licensure, he can secure an approved indemnity bond in the amount of twenty-thousand dollars (\$20,000), issued by a surety company authorized to transact business within the Commonwealth of Kentucky, or can post a cash bond in that amount. No license shall be issued to or held by any person who has been convicted of a felony offense related to larceny, theft or the receiving of stolen property, nor shall a license be issued to a corporation or partnership whose chief officers or members are persons who have been convicted of a felony offense related to larceny, theft or the receiving of stolen property.
- (b) The bond provided for shall be for a term of one (1) year and shall inure to the benefit of the City of Danville or of any person who shall be injured or sustain damage proximately caused by the failure of the license holder or any of its servants, agents (both apparent and actual) or employees to comply with the terms of this ordinance and KRS 226, including KRS 226.020 which provides that the bond shall be conditioned that the pawnbroker will observe the provisions of KRS 226.030 to 226.050 and the ordinances and laws in force in the city not inconsistent with KRS Chapter 226 et seq.
- (c) The City of Danville shall, within thirty (30) days of receipt of a completed application form, make a complete review of the accuracy of the information contained therein, including a criminal records check on any individuals named herein and a determination as to the adequacy of the proposed bond. If the application is to be denied, the Code Enforcement Director shall provide the applicant with written notification, including a statement of the reason(s) for denial. An aggrieved applicant shall, within thirty (30) days of such action, have a right to request a hearing before the City Commission of the City of Danville to contest the denial.
- (d) Licenses issued under this section shall be for the conduct of business at a specific location within the City of Danville and shall not be valid for the conduct of the regulated business in any other location and shall be effective for a period of one (1) year. Licenses issued under this section shall not be transferable. License holders shall be required to post their license or a copy thereof in a conspicuous place in the place of business.
- (e) A fee of one-hundred dollars (\$100) shall be paid by the applicant for the initial application made for a pawnbroker/precious metal dealer's license, and a fee of fifty dollars (\$50) shall be paid for each annual renewal application.

**SECTION 3. Pawnbroker not to receive article from minor or during night.**

No pawnbroker shall receive, by way of pledge or pawn, any article whatever from a minor at any time, nor from any person between 8 p.m. and 7 a.m.

**SECTION 4. Pawnbroker to keep register of loans and purchases – state officers may inspect.**

Every pawnbroker shall keep a register of all loans and purchases of all articles effected or made by him.

- (a) The register shall show the dates of all loans or purchases, and the names of all persons who have left any property on deposit as collateral security, or as a delivery or sale.
- (b) Opposite the names and dates shall be written in plain hand a full description of all property purchased or received on deposit as collateral security, the time when the loan falls due, the amount of purchase money, the amount loaned and the interest charged. Said description shall contain any identifying numbers, names or symbols found on the item, including but not limited to: serial numbers, model numbers, owner applied numbers or engravings.
- (c) Each entry must contain a legible copy of a state issued photo identification of the individual who presented the item. If the individual cannot present a state issued identification, the license holder shall take a photograph of the individual with the item they present and shall have the individual place their thumbprint in an identifiable manner upon the register.
- (d) The register shall at all times be open to the inspection of any officer of this state when in the discharge of his official duty.

**SECTION 5. Pawnbroker not to receive item with missing serial number.**

No pawnbroker shall accept an item for pawn, loan or sale which came from the manufacturer with an attached serial number if said number is missing, obscured or altered in such a manner as to be illegible.

**SECTION 6. Pawnbroker to give ticket and receipt for articles – sale after sixty days – notice before sale.**

- (a) Every pawnbroker shall give a plain written or printed ticket for the loan to the person negotiating or selling, and a plain written or printed receipt of the articles that have been purchased, or upon which money is loaned, having on each a copy of the entries required by KRS 226.040 to be kept in his register. He shall not make any charge for the ticket or receipt.

- (b) A pawnbroker may sell any article pawned after the expiration of sixty (60) days from the maturity of the loan, provided that, not less than ten (10) days before making the sale, the pawnbroker shall have given notice to the person by whom the article was pawned, by mail addressed to the post office address of such person as shown on the pawnbroker's register, notifying such person that, unless he redeems the article within ten (10) days from the date of mailing said notice, the article will be sold.

**SECTION 7. Daily reports in cities and unincorporated areas.**

- (a) Every pawnbroker in a city or in the unincorporated area of any county shall by 11 a.m. each day, make available to the chief of police of the city, the chief law enforcement officer of the county, or to the Department of Kentucky State Police, a true and correct written report of all goods received by him or her, whether by pawn or purchase, during the twenty-four (24) hours preceding each report. The report shall describe the goods as accurately as practicable.
- (b) The chief of police of the city, the chief law enforcement officer of the county, or the Department of Kentucky State Police shall furnish blanks for the reports required by subsection (a) of this section.

**SECTION 8. Receipts for payments.**

Every pawnbroker, upon receiving any payment of money from a borrower, shall give to such person a plain and complete receipt for such payment, specifying separately the amount applied to principal and the amount applied to interest. In a case where the pawnbroker has purchased personal property under an agreement to sell it back at a stipulated price, the pawnbroker shall, on receiving any payment of money from the person from whom the property was purchased, give such person a receipt stating the original purchase price, the stipulated resale price, and the amount received.

**SECTION 9. Ten day hold for purchase items.**

Pawnbrokers shall place a ten (10) day hold on items purchased without a pawn agreement before reselling such property.

**SECTION 10. Duties of precious metal dealers.**

Precious metal dealers shall be subject to all pawnbroker orders as set forth in this ordinance.

**SECTION 11. Hold of purchased metals by precious metal dealer.**

Precious metal dealers shall place a ten (10) day hold on items purchased, in their original form upon entering a precious metal dealer, before those items may be resold, damaged, or recycled.

**SECTION 12. Transactions with persons convicted of larceny related offenses prohibited.**

Pawnbrokers and precious metal dealers are prohibited from engaging in any transaction for a period of three (3) years with a person whose name is contained on the “*larceny offender list*”. Law enforcement shall supply pawnbrokers and precious metal dealers with a copy of the list on a monthly basis.

**SECTION 13. Reporting through web-based central reporting system.**

Reporting to a web-based central reporting system identified as *Leadsonline* shall be the primary method of reporting transactions for pawnbrokers and precious metal dealers and will suffice for reporting directly to the appropriate law enforcement agency as set forth in Section 7. In the event an unintended circumstance prevents reporting through the web-based system, pawnbrokers and precious metal dealers shall revert to reporting in accordance with Section 7 of this ordinance.

**SECTION 14. Separate Violations.**

Each incident which results in a violation of this Ordinance shall constitute a separate offense.

**SECTION 15. Penalties.**

The penalties for violation of this section shall be as follows:

- (a) 1<sup>st</sup> conviction is punishable by a fine not to exceed \$250.00 and/or up to ninety (90) days in jail.
- (b) 2<sup>nd</sup> conviction is punishable by a fine not to exceed \$500 and/or up to 1 year in jail.

In addition to the penalties listed above, two (2) convictions of a violation of this ordinance by any license holder, its servants, agents (both apparent and actual) or employees during any twelve (12) month period may result in a probationary period imposed on the license holder for a period not to exceed six (6) months. If further convictions of violations of this ordinance occur during the probationary period, then a revocation of the pawnbroker/precious metal dealer license granted pursuant to this ordinance will occur for a period not to exceed thirty (30) days per violation, which will serve as a prohibition against the conduct of similar business on the licensed premises; or by the licensed individual or business, or any partners or members thereof.

**SECTION 16. Conflict.**

To the extent any resolution, ordinance, or parts thereof is in conflict, the provisions of this Ordinance will prevail and be given effect.

**SECTION 18. Severability.**

The provisions of this Ordinance are severable. If any section, sentence, clause, or section of this Ordinance or the application thereof to any particular case is for any reason found to be unconstitutional or invalid, such unconstitutionality or invalidity shall not affect or repeal any of the remaining provisions, sentences, clauses or sections or part of this Ordinance.

**SECTION 19. Effective Date.**

This Ordinance shall be effective upon its final passage and publication, and the City Clerk is hereby directed to publish this Ordinance in the Danville Advocate-Messenger of Danville, Kentucky.

**SECTION 20. Repealer.**

As of the effective date of this ordinance, all ordinances or parts of ordinances are repealed only to the extent necessary to give this ordinance full force and effect.

GIVEN FIRST READING AND PASSED \_\_\_\_\_.

GIVEN SECOND READING AND PASSED \_\_\_\_\_.

DATE OF PUBLICATION \_\_\_\_\_.

APPROVED:

\_\_\_\_\_  
G. MICHAEL PERROS, MAYOR  
CITY OF DANVILLE, KENTUCKY

ATTEST:

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DONNA PEEK, CITY CLERK  
CITY OF DANVILLE, KENTUCKY