

## **LEGISLATIVE RECORD – CC FILE 100771**

**Documents relating to regulation and/or impacts of pawn shops**


**18.70.060 Required findings for grant of a use permit.**

Notwithstanding any provision elsewhere in this title to the contrary, and in addition to the findings required to be made in issuing a use permit pursuant to the provisions of Chapter 18.110 SCCC, the Planning Commission may grant a use permit to a "regulated business" only if it shall find that the proposed use at the proposed location, subject to such conditions, as it may impose:

- (a) Will not be contrary to the public interest or unreasonably injurious to the use of nearby properties;
- (b) Will conform to the spirit and intent of this title;
- (c) Will be consistent with the applicable zoning district designation and the section of this title governing it;
- (d) Will not enlarge or encourage the development of a "skid-row" area;
- (e) Will not be contrary to any program of neighborhood conservation;
- (f) Will not interfere with any program of urban renewal or redevelopment;
- (g) Will be in compliance with all applicable City codes and regulations; and
- (h) Will not be located within five hundred (500) feet of any other use regulated by this chapter nor within five hundred (500) feet of those uses identified in SCCC 18.70.050(a) and (b).

Except as otherwise expressly provided, the regulations set forth in this chapter are intended to be in addition to and not in lieu of other regulations of this title applicable to any of the above specified uses; and, unless otherwise specifically provided, shall not be deemed to repeal or amend any other provision or provisions of "the Code of the City of Santa Clara, California" or of this chapter, which are applicable to the above-mentioned uses or activities nor be deemed to excuse noncompliance with other such provisions. (Ord. 1715 § 5, 9-15-98; Zoning Ord. § 35-6).

**18.70.070 Policy for tattoo or branding parlors, body-piercing establishments, check-cashing shops and pawn shops.**

 The City of Santa Clara intends to adopt reasonable regulations to prevent the adverse effects of the concentration or clustering of certain uses and to prevent the negative effects of these uses individually upon an area. These uses include tattoo or branding parlors, body-piercing establishments, check-cashing shops and pawn shops. These uses have been demonstrated to have a detrimental impact individually or when located in close proximity to each other. These concentrations tend to create a "skid row" atmosphere and have a deleterious effect upon the adjacent area. Regulation of these uses is necessary to ensure that the negative impacts will not cause or contribute to the blight or the downgrading of neighborhoods and businesses in proximity to these listed businesses.

The regulations set forth below are necessary and will tend to prevent the clustering of these uses. This chapter will also serve to promote the orderly planning, development and utilization of neighborhood and business premises.

In a summary entitled "Secondary Effects of Crime" ("the study"), the Santa Clara Police Department reviewed studies conducted in Oakland California; St. Paul, Minnesota; Seattle, Washington; Phoenix, Arizona; and in the City of Santa Clara, and concluded that specified regulated uses do have numerous negative effects upon the area and lead to increasing calls for service in response to crime. The study identified tattoo or branding shops and body-piercing establishments as a magnet

for organized crime and gang activity, and found that these establishments had excessive calls for service. The study also noted that check-cashing shops were also a center of criminal activity resulting in extra calls for service. The study included information that pawn shops are ready buyers for stolen property with many related police calls. (Ord. 1715 § 6, 9-15-98; Zoning Ord. § 35-7).

#### **18.70.080 Application.**

The provisions of SCCC 18.70.070 through 18.70.090 apply to tattoo or branding parlors, body-piercing establishments, check-cashing shops and pawn shops regardless of the zoning district in which they are located. Tattoo or branding parlors, body-piercing establishments, check-cashing shops and pawn shops shall be deemed to be regulated businesses for the purposes of this chapter. (Ord. 1715 § 7, 9-15-98; Zoning Ord. § 35-8).

#### **18.70.090 Additional definitions.**

Some definitions, particularly relevant for this chapter, are contained herein for convenience of reference:

- (a) "Body-piercing shop" means a building or portion thereof where piercing of human body parts is administered or from which a body-piercing business or service is operated. This shall not include establishments which limit their piercing to ears only.
- (b) "Check-cashing shop" means a building or portion thereof where checks or money orders are cashed or money orders or wires are issued and these services are a significant part of the business (over twenty-five percent (25%) of the gross dollar volume of business). This chapter does not regulate banks, savings and loan institutions, credit unions, or other banking organizations regulated by State or Federal law.
- (c) "Pawn shop" means a building or portion thereof where personal property is received and for which money is advanced, with the right of privilege granted to the person to whom said money is advanced to reclaim such property upon repayment of said money, together with all legal charges incident thereto. This chapter does not regulate banks, saving and loan institutions, credit unions, or other banking organizations regulated by State or Federal law.
- (d) "Tattooing or branding shop" means a building or portion thereof where the tattooing or branding of human body parts is administered or from which a tattooing or branding business or service is operated.
- (e) Uses which, in the opinion of the Planning Commission, are similar in nature. (Ord. 1715 § 8, 9-15-98; Zoning Ord. § 35-9).

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This page of the Santa Clara City Code is current through Ordinance 1866, passed October 12, 2010.

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City Website: <http://santaclaraca.gov/>  
City Telephone: (408) 615-2230

8403 Potomac Avenue  
College Park, Maryland 20740-2508  
September 13, 2006

Samuel J. Parker, Jr., Chairman  
Prince George's County Planning Board  
County Administration Building  
14741 Governor Oden Bowie Drive  
Upper Marlboro, Maryland 20772

RE: Special Exception SE-4554  
Best Pawn  
5051 Greenbelt Road

Chairman Parker:

I am writing to express my concerns about, and opposition to, the granting of Special Exception SE4554, which would allow a pawnshop to locate at 5051 Greenbelt Road and to ask you to deny the application. I am a resident of the Berwyn area of College Park, where Mr. Scott Cutlip wishes to open this pawnshop. Equally as important, I am a Detective with the Washington, DC, Metropolitan Police Department with 24 years experience, and a past Supervisor of that Department's Pawn Unit. I am making this request as a citizen of Berwyn, but my career on the police force, and work with the Pawn Unit, gives me a unique perspective on this application.

My concerns, which form the basis for my opposition, are enumerated below:

1. I am certain that the presence of a second pawnshop will bring more crime both to the Berwyn neighborhood and to the City as a whole. This is not just my opinion, but is based on the concept of geographic profiling, which is a tool used not only to solve crimes, but also to predict crime trends. I have had the opportunity to study geographic profiling with Dr. Kim Rossmo, a court accepted and published expert in this field. In conversations with Dr. Rossmo, he confirmed my conviction that granting of this special exception would draw criminals into our community and create crime as well.

According to the concept of geographic profiling, pawnshops are both crime generators and crime attractors. They attract large numbers of people, providing opportunities for offenders and victims to cross paths, affording many opportunities for crime. As the use of the shop grows, so does the crime problem in that area. Criminally active individuals are drawn to these locations. Although initially they may come from outside the area, they often move into it, further increasing crime there.

Plainly and simply, pawnshops attract criminals. If this were not so, then major law enforcement jurisdictions would have no need for Pawn Criminal Investigation Units, which all of the neighboring jurisdictions, as well as Prince George's County have. In fact, there is a Metropolitan Area Fencing Task Force which involves the State's Attorney's Office for Prince George's County; the Commonwealth Attorney's Offices for the City of Alexandria and County of Arlington (Virginia), the United States Secret Service; and the Prince George County, Fairfax County, Arlington County and District of Columbia Police Departments. This task force exists because pawn operations fence stolen property, and are responsible for funneling millions of dollars into the drug economy each year.

Further, there are only two small businesses that will separate this pawnshop from the entrance to a park and hiker biker trail. This trail leads directly to Holy Redeemer School, just two blocks away, on down past two playgrounds and finally on to the Metro Station, affording criminals multiple vulnerable targets and a quick getaway to cash in their ill gotten gains.

Now, Mr. Cutlip will tell you that there is a requirement that he report the items he takes in to the Prince George's County Police Department's Pawn Unit. What he probably won't tell you is that the National Pawnbrokers Association (NPA), of which he is a member has spent considerable time, and money, lobbying Congress to have language included in Title 12 U.S.C. 3401 § 621. RIGHT TO FINANCIAL PRIVACY ACT OF 1978, which would be amended by inserting '[including any lender who advances funds on pledges (personal property)]' after 'consumer finance institution'. This would mean that pawnshops would be considered as a bank or other legitimate financial institution, and would be immune from reporting any information to law enforcement. HR 3505, with this language inserted, passed the House on March 8, 2006, and has been received by the Senate and referred to the Committee for Banking, Housing and Urban Affairs.

In addition, in an effort to "backdoor" this change, and in effect accomplish what the proposed legislation would, the NPA has been attempting to have the use of the Regional Pawn Data Sharing System (RPDSS) halted. The RPDSS is sponsored by the Metropolitan Washington Council of Governments, and is used by Prince George's County Police and surrounding jurisdictions as a tool to conduct criminal investigations related to pawn activity and property crimes. The NPA has been promoting the use of a database "I.e.a.d.s. online" as a law enforcement tool for investigating crimes that involve pawn activity in lieu of the RPDSS. What the NPA does not say is that one of the members of the board of the NPA has a personal interest in I.e.a.d.s. online. Further, their favored system places extreme constrictions on law enforcement before information will be available, and charges a per use fee.

If the NPA succeeds in their endeavors, and the Special Exception in question is granted, not only will we have more crime in College Park but the police will not have access to the information or tools necessary to solve those crimes.

2. Pawnshops, like check-cashing establishments, are predatory and usurious, and injure the most vulnerable members of our community: the poor and the desperate. The interest rates charged by pawnshops are outrageous and resemble loan-sharking activities much more than the resource-in-time-of-need image that the applicant, Mr. Cutlip would have us believe is his goal. Mr. Cutlip, charges in the range of 20 percent per month (the equivalent of 240 percent per year) in his stores. Our community already has too many usurious



and unregulated check cashing facilities that prey on the weak. Allowing another pawnshop would expose the vulnerable population to one more source of potential exploitation.

3. Pawnshops create a negative image of the neighborhood and the City in which they are located, which will hinder more-beneficial development and depress real estate values. Pawnshops have earned their unsavory reputations, and the experience of other communities supports this conclusion. I am very concerned about the message that another pawnshop, combined with the numerous non-bank "check cashing" facilities in our community, would send to potential homebuyers and business people. As Councilwoman Joselin Pena-Melnyk (Dist. 4) said in a June 1, 2006 article in the Gazette newspaper, "This would not be a good thing for us because we're trying to revitalize College Park and this is not a quality business. This is a bad thing for our neighborhood." The applicant has implied that the members of this community have an unfair prejudice against, and an undeserved negative perception of, the pawn industry. However, I believe the perception people have of pawnshops is accurate. A pawnshop is not, and never will be, an asset to any community. Increasing the number of owner-occupied homes strengthens our community by increasing the number of people committed to the community's safety and success; adding another pawnshop defeats that purpose by giving potential homeowners one more reason to invest in their futures elsewhere.

4. As evidenced by his public statements, the applicant, appears to be acting in bad faith. I do not believe he, nor his organization, will be good corporate citizens of our community. Mr. Cutlip made what have since proved to be empty promises to address our concerns. Included in those promises were the facts that he would not buy or sell guns at the proposed location, and would not call the location a pawnshop. But, if you look in the 2005/2006 Verizon Yellow Pages, on page 798, you will find an advertisement for Best Pawn listing the proposed location of 5051 Greenbelt Road, with a picture of a gun, as well as verbiage indicating the shop buys and sells guns.

Mr. Cutlip also began his efforts to gain the endorsement of the community by claiming he had the interests of the community and his potential clients in mind. However, in his public statements (specifically, the June 1, 2006 article by Dennis Carter in the Gazette), the applicant vowed to take revenge on this community for opposing his business:

***"I'll fight this to the end," said Cutlip. "I'm taking it personal [sic]... I was willing to work with them. They put all these restrictions on me, but then they still stand in opposition. They think their [city] is better than Landover or Riverdale or Capitol Heights because they have pawnshops, and that is ridiculous." Cutlip said he was frustrated by the city's refusal to support his store, adding that if his application is approved, all compromises he discussed with residents and College Park officials would be null and void. "I'll do whatever I want," Cutlip said. "I'll call it a pawnshop. ... If I get the shop, I'm going to sell whatever I want and make some money."***

I submit that, based on the applicant's own statements, as well as the other reasons discussed, the community's fears of having such an enterprise in our City would be realized. It is for all these reasons, I am sure our community would best be served by the denial of Mr. Cutlip's application, and I therefore respectfully request the Board duly deny this application. Thank you for your time and consideration.

Respectfully submitted,

Deborah J. Vanadia-Mims  
Board Member, Neighborhood Preservation Coalition  
Board Member, Berwyn District Civic Association

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(INTER'L ASSC. OF CHIEFS OF POLICE)

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☐ #614931 Pawn Brokers

This ordinance is taken from the Mobridge, South Dakota, Police Department. It shall be unlawful for any person to engage in the business of pawnbroker without first obtaining a license from the city finance office. No pawnbroker's license shall be issued to any person who has been convicted of a felony.

Posted: 12/14/2010

☐ #614908 Pawnbrokers and Junk Dealers

This ordinance is taken from the City of Dickinson, North Dakota, Municipal Code. The board of city commissioners finds that pawn shops or businesses that deal in secondhand goods or valuables provide a convenient means by which thieves or those who deal in stolen goods may dispose of such property. In order to discourage transactions in stolen goods and other unauthorized transactions, and to assist in the recovery of stolen goods and identification of those who sell stolen goods or engage in other unauthorized transactions, the board finds that it is necessary to license such businesses, and to require that certain records be kept, and that police officers be authorized to inspect such records.

Posted: 12/13/2010

☐ #614422 Pawnbrokers

This ordinance is taken from the City of Auburn, Alabama, City Code. Each licensee and/or pawnbroker under this article shall promptly, but no later than five days, after the beginning of business register with the chief of police, in a book kept for that purpose, his name, permanent and temporary address, and every place where he carries on business or stores property.

Posted: 11/12/2010

☐ **#613777     Pawnbrokers**

This ordinance is taken from the St. Clair County, Illinois, County Code of Ordinances. No person, firm or corporation shall conduct or operate the business of pawnbroker without having first obtained a license therefor as is herein provided; or in violation of any of the provisions herein contained. Any pawnbroker's license may be revoked by the County Board Chairman for any violation of any provision of this Article.

Posted: 09/30/2010

☐ **#612144     Secondhand Dealers and Pawnbrokers**

This ordinance is taken from the City of Moscow, Idaho, City Code. Application for secondhand dealer or pawnbroker license shall be made to the City which shall refer all such applications to the Chief of Police for an investigation and subsequent recommendation to the Council. Every licensee shall be required at all times to keep a chronological, accurate and complete record of all merchandise purchased by or pledged with such licensee.

Posted: 06/24/2010

☐ **#611097     Enforcement of the Brady Act, 2007**

The Brady Handgun Violence Prevention Act (Brady Act) requires criminal history background checks by the Federal Bureau of Investigation (FBI) and State agencies on persons who attempt to purchase a firearm from a licensed dealer. In 2007, the FBI and State agencies denied a firearm to over 123,000 persons due to National Instant Criminal Background Check System (NICS) records of felonies, domestic violence offenses, and other prohibiting factors. Enforcement of the Brady Act, 2007 reports on investigations and prosecutions of persons who were denied a firearm in 2007. The report describes how the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) screens denied-person cases and retrieves firearms that were obtained illegally.

Posted: 04/22/2010

☐ **#610614     Secondhand Property Dealers**

This ordinance is taken from the City of Hyattsville, Maryland, Charter and Code. Every dealer shall every day except Sunday, before the hour of 10:00 a.m., deliver to the Chief of Police a legible and accurate description of every article or thing received by him during the business day next preceding.

Posted: 03/24/2010

# Property Crime and Pawnshops: Coincidence or Correlation?

By James T. Hurley, Assistant Chief, Fort Lauderdale Police Department

Reprinted from POLICE magazine, May 2000

*Research, investigative efforts, and media analysis in one Florida community are indicating that an unchecked pawn industry contributes to the rate of property crime.*

It is the nature of a free society to produce business opportunities for those willing to take a risk. It appears, however, that the pawn industry, already a prosperous niche market in Florida, had its sights set on creating a blueprint for guaranteed success.

When pawn lobbyists convinced a Florida State Senator to sponsor the 1996 Florida Pawnbroking Act, it appeared to many law enforcement officials that regulation of the industry was being significantly compromised. In fact, the industry was already being viewed as a major contributor to property crime in Florida, although no empirical research was available to support the correlation between pawnshops and property crime.

Although most owners and operators of pawnshops conduct business according to the "letter of the law," this review may be seen as a philosophical indictment of the entire pawn industry from a law enforcement perspective. It may be true that thousands of people benefit from legitimate transactions. However, industry-driven growth on a national level, aided by "pawn friendly" legislation on the state level, may be causing more harm than good, and may not be in the best interest of local communities already struggling to reduce crime.

## **Seed for Growth Planted**

In 1988, some of the financial risk was removed for pawnbrokers, and the groundwork secured for expansion of the industry, when four pawnshops sued the City of Fort Lauderdale in federal court. The pawnshops were tired of having police officers remove stolen property from their shelves and return it to crime victims, without being able to recover their initial investment.

Unfortunately for law enforcement, the judge sided with the pawnshops, ruling that pawnbrokers no longer had to surrender stolen property upon demand. The South Florida law enforcement community has been playing catch-up ever since.

During the past decade, cities in South Florida have reported burglary and larceny rates that rank among the worst in the country. The local media have consistently labeled Fort Lauderdale as a "Top 10" crime city, citing Uniform Crime Report statistics as



documented evidence that the "Venice of America" is no longer a safe place to live. Interestingly, the pawn industry thrived as the crime rate soared, until there are now more pawnshops in Florida (1,300) than in any other state.

It appears that the pawn industry understood and capitalized on the three most significant factors involved in their success. First, it is obvious that law enforcement in South Florida had done a relatively poor job of monitoring activity at pawnshops, connecting information to unsolved criminal cases, and arresting those responsible for property crime. Rather than take a "bite" out of crime, most agencies seemed willing to wait for the necessary computer solution. (A delay that has proven costly!). Second, the most consistently lucrative merchandise, jewelry, is also the most difficult to track. Gold chains, gems, watches, and family heirlooms of all types are bought and sold without interference from victims, and often melted down and lost forever.

Last, and perhaps most importantly, however, has been the need to educate potential victims about taking reasonable and responsible precautions. A recent study in Fort Lauderdale revealed that of all serialized property that is stolen in burglary offenses, actual serial numbers are reported to the Police Department in only 10% of the cases. A photograph of jewelry and other personal property is even more rare. Subsequently, it has been easy for the pawn industry to claim that they don't deal in stolen property.

While some police departments are publicly limiting their investigations of property crime, citing the obvious frustration and the tremendous strain on resources, many visionaries, like Jim Jordan of the Boston Police Department, see crime prevention as a strategic goal for law enforcement. Future efforts in the area of crime prevention should emphasize the importance of citizen responsibility.

In recent years, the sheer volume of pawn transactions handled by the Fort Lauderdale Police Department rendered the antiquated computer system unworkable. Almost 70% of all pawn transactions were manually entered and filed away for "visual inspection." More importantly, the information was not timely, and could not be manipulated by computerized programs designed to flush out stolen property, frequent pawners, career criminals, or wanted persons.

In 1995, the police department wrote a comprehensive local ordinance to correct these problems, and to secure the necessary funding for appropriate computerization of both the police department and the pawnshops. Unfortunately, the effort was short-lived, as law enforcement was blindsided by the 1996 Florida Pawnbroking Act.

### **Florida's Pawnbroking Act**

**Billed by its sponsor as "a tool for law enforcement," the Florida Pawnbroking Act passed through the state legislature without debate, and became law on October 1, 1996. A more careful examination of the law, however, revealed several surprises.**

For example, the law created an exemption from Florida's "home rule" process, making it impossible for local jurisdictions to enact stricter pawnshop ordinances and a "public records" exemption, so that crime victims, or the media, could no longer gain access to pawn transaction records.

The law also decreased the required holding periods for items pawned or sold, from 30 days to 15 days, creating a serious burden on police detectives, already unable to gain a firm handle on the problem. In addition, it forced crime victims to file suit to recover their stolen property, which, for most victims, meant buying it back from pawnshops. Few victims were happy with the idea of suing both the pawnshop and the pawner, who may well have stolen their property in the first place.

Proponents of the law argued that the Pawnbroking Act provided some benefits to law enforcement. For example, it required a mandatory thumbprint on all pawn transactions, provided for background checks on prospective pawnshop owners, and shifted responsibility for regulating the industry to Florida's Department of Agriculture and Consumer Services, which has the ability to revoke a pawnshop license, but is generally limited to issuing fines.

However, those favoring the law failed to mention that most jurisdictions already had appropriate ordinances that required that the pawner leave a thumbprint, or that the requirement was actually removed from the state statute by legislators only two years earlier, pushed, no doubt, by an industry aware of what specific physical evidence might reveal. And, while the law did deny anyone convicted of a felony (within 10 years) from owning a pawnshop, it did nothing about those working in the pawnshops, and actually dropped several misdemeanor and civil provisions contained in the previous statute.

A recent "sting" operation highlights the most glaring, and frustrating, aspect of policing the pawn industry, and demonstrates how insulated the industry has become. Shabbily dressed undercover detectives pushed a shopping cart to a local pawnshop and tried to unload a new computer monitor, which they referred to as a television set. The detectives offered the "homeless camp" as their local address, and produced a Department of Corrections inmate card as required identification, (the lamination was folded at the corner and the photograph was loose).

The detectives made it obvious that they did not know what they were offering for sale, and said that they had just "gotten" it. When asked if the property belonged to them, they paused and looked at each other, before saying "yeah." The case was presented for prosecution and declined. Pawnshops, it was decided, need only follow the letter of the law, regardless of how obvious the situation. If the pawner claims ownership of the

property, the deal is done. As a result of this decision, important changes to the state's "dealing in stolen property" statutes are now being considered.

### **Media Investigation**

Faced with rising crime rates, and the dilemma created by passage of the Florida Pawnbroking Act, the Fort Lauderdale Police Department encouraged the Fort Lauderdale Sun-Sentinel to conduct an unbiased study of the relationship between property crime and the pawn industry.

The resulting investigative report by Scott Glover and Evelyn Larrubia provided a great deal of insight into the pawn industry. By studying 1995 pawn data supplied by the police department, the reporters found that of the 50 most frequent pawners, 39 had criminal records in Florida, and almost all of the convictions were for burglary or cocaine charges. The relationship between property crime and drug addiction has long been established.

The report also revealed that the legislation was actually written by the pawn industry, which may account for why the law favored the pawnshops. Some items that benefited the industry were often disguised as "tough law." For example, by having the interest rate established by state legislators, the pawn industry may have been trying to protect against additional federal lawsuits, similar to those in Hawaii and Georgia.

In those states the pawn industry had come under scrutiny for charging interest rates considered too high; the presiding judge in Hawaii calling the 240% annual rate "oppressive." Pawnshops in Florida, exempt from state usury laws, were not previously subjected to a rate cap. The new law imposed a "restriction" on pawnshops for the first time, allowing them to earn up to 300% annual interest on pawned merchandise.

By comparison, New York State, which has only 50 pawnshops, allows pawnshops to charge just 36% annual interest.

### **Reaction**

Response to the Sun-Sentinel series was overwhelming, as readers expressed outrage over reports of burglary victims being forced to buy their stolen property back from pawn dealers, and unemployed frequent pawners who repeatedly delivered expensive items to pawnshops. Local governments and the law enforcement community were even more

vocal. In fact, the evidence produced by the Sun-Sentinel report was so intriguing that CBS News-60 Minute's reporter Mike Wallace produced a segment on Florida's pawn industry, which aired in December, 1997. Columnist Fred Grimm of the Miami Herald referred to pawnshops as "the crackheads ATM," and compared straight-faced pawnbrokers to cigarette manufacturing executives.

### ***Correlation Or Coincidence?***

The information about frequent pawners, documented by the Sun-Sentinel, is a

compelling argument to support the theory that the pawn industry contributes to the rate of property crime. Even so, new evidence is being examined. By the end of 1997 all of the pawnshops in Fort Lauderdale and most throughout Broward, were supply transaction data on a weekly basis, which was downloaded into a central computer at the Broward Sheriff's Office. Law enforcement agencies can access the data electronically.

With this new advantage, Fort Lauderdale's Detective Jack Gee began looking more closely at the relationship between active property criminals and area pawnshops. Of those convicted criminals who are placed on "house arrest" in Broward County, most are convicted of property crimes or narcotics violations.

In a recent study by the Fort Lauderdale Police Department, the Broward Sheriff's Office, and the Department of Corrections, it was learned that more than 2700 people in Broward County are currently sentenced to some form of community control, many of them on house arrest. By checking those on house arrest against the automated pawn database, detectives found, not surprisingly, that many offenders ignore the conditions mandated by the courts, routinely visiting pawnshops. As a result of this probe, more than 300 persons originally on house arrest are now serving real time in the state prison system. Perhaps equally appalling, more than 20,000 criminals, many placed on house arrest in recent years, have absconded and are now considered fugitives. Unfortunately, this much needed alternative to prison has backfired. The evidence suggest that those most responsible for Fort Lauderdale's high crime rate are able to continue to victimize our citizens, even after being convicted!

The reality of stolen property being disposed of by "associates" of thieves is a completely different issue, and creates an additional challenge for law enforcement. It is also important to consider that the pawn industry often points to their cousins, the flea markets, swapshops, and secondhand dealers, as deserving of scrutiny. They are probably right! The Tactical Operations Multi-agency Cargo Anti-Theft task force (TOMCAT), formed in 1996, estimates that cargo theft amounts to \$10 million in merchandise a month in South Florida, although they believe that much of the property is being shipped out of the country.

Many criminal cases have been made against organized groups of shoplifters, known to use the local flea markets and swapshops to unload stolen merchandise,. In addition,



counterfeit merchandise is another significant problem associated with this business, which operates without a great deal of regulation.

### ***Conclusion***

All of Fort Lauderdale's pawnshops are now computerized, the transaction data is downloaded weekly to a central computer at the Broward Sheriff's Office, and local law enforcement agencies can access the data electronically. As a result, arrests for property crimes have increased dramatically, and more and more stolen property is being recovered.

The state legislature introduced some positive changes to the Pawnbroking Act during the 1997 legislative session. New laws are also being considered to address perceived problems with the swapshops and flea markets.

The Florida Law Enforcement Recovery Unit, a statewide group of burglary and pawn unit detectives continue to press for reform, while the 2000 Florida Legislature now appears poised to mandate the creation of a statewide pawn database for the use by law enforcement.

Meanwhile, the revolving door of justice may lead through a pawnshop.

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## Minnesota city's moratorium to study pawnshops deemed valid

October 14th, 2010

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by Gary Taylor

### **Pawn America Minnesota, LLC v. City of St. Louis Park**

(Minnesota Supreme Court, August 26, 2010)

In 2007 a prospective pawnbroker was required to submit a zoning application, and an application for a pawnbroker's license in order to operate a pawnshop in St. Louis Park, Minnesota (city). In June of that year Pawn America submitted just such a zoning application. The assistant city zoning administrator issued a zoning verification letter confirming that the intended use of the property complied with the City's zoning code. Because of public concerns about the proliferation of pawnshops, the city council brought forward for consideration a moratorium on new pawnshops and a proposal to initiate a study in order to decide whether any additional conditions or restrictions on pawnshops should be adopted. Upon learning of the city council's intent to vote on the moratorium Pawn America immediately entered into a lease agreement and submitted to the city a signed certificate of occupancy and land use registration application, and requested immediate issuance of a pawnbroker license. The city refused, and soon thereafter adopted the moratorium that temporarily prohibited new pawnshops, and stopped any further processing of pending pawn-shop licenses. The zoning study was completed two months after the moratorium went into effect, and as a result of the study the city amended the zoning code to make pawnshops conditional uses which included a distance separation requirement between pawnshops, gun shops, liquor stores, and certain other business from being located within 350 feet of residentially zoned property. The separation requirement precluded Pawn America from opening its pawnshop at the proposed location.

Pawn America asked the district court to declare the interim ordinance invalid because it was adopted for the improper purpose of delaying or preventing Pawn America from opening a pawnshop. The city moved to dismiss the claims. The district court dismissed Pawn America's claims because the moratorium was not arbitrary or capricious. The court affirmed previous caselaw stating that moratoria to preserve the status quo pending further study of zoning are permissible. The court went further saying the mere adoption of an interim ordinance after learning of a particular proposed use of property does not, in itself, mean that enactment of an ordinance is arbitrarily enacted to delay or prevent the project. The Minnesota court of Appeals affirmed the district court, and Pawn America appealed to the Minnesota Supreme Court.

The court examined the case in light of Minn. Stat. § 462.355(4)(a) which gives authority to a municipality, under certain conditions, to adopt a moratorium "for the purpose of protecting the planning process and the health, safety and welfare of its citizens." It determined that the city enacted the moratorium to give it time to study the situation and make informed decisions for the long-term welfare of the city. While the court was cognizant of the hostility surrounding the location of a pawnshop at Pawn America's proposed site, nothing in the statute precluded the city from adopting the moratorium when the city knew that it would affect only one particular entity, or that it was adopted in response to Pawn America's pending application. The court concluded that the city was acting to protect the planning process and the health, safety and welfare of its citizens and that the moratorium was not unreasonable, arbitrary, or capricious.

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## Temporary ban on payday loan, pawn shops likely in Des Moines

Posted By [Jason Pulliam](#) On May 13, 2010 @ 7:17 pm In [Des Moines City Hall & Polk County Government, News](#)  
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Des Moines leaders have backed a temporary ban on new pawn shops and payday loan stores in the city and called upon state lawmakers to enact tighter regulations throughout Iowa.

City Council members voted 6-0 during a special meeting held today to have City Attorney Bruce Bergman draft an ordinance to create a **six-month moratorium** on such businesses. Councilman Robert Mahaffey was absent. Long-term restrictions will be debated during the 180-day freeze. The council will meet again Monday morning to vote on the moratorium.

The council's action was urged and applauded by neighborhood leaders, a prominent Des Moines developer, a statewide activist group and Assistant Iowa Attorney General Bill Brock.

"Payday lenders are not economic development," said Brock, who heads the attorney general's consumer protection division. "They do not lift people out of poverty. They squeeze the last dollars out of people who are in a downward spiral."

Efforts to enact a 36 percent interest rate cap on payday loans have fallen short at the legislature in recent years. Lawmakers have imposed a 36 percent rate cap on car title loans.

**There are an estimated 14 pawn shops and 31 payday lenders in Des Moines,** city officials said.

**Likely zoning changes would require separation distances between the businesses as one measure to stem their spread across Des Moines. City zoning already restricts where bars, liquor stores and pornography shops can be located, for instance.**

About a dozen members of Iowa Citizens for Community Improvement attended today's council meeting to condemn payday lending.

"It is a menace in our community and our nation, and we need to do something about it," said CCI member Ferol Wegner of Des Moines.

In general, a payday loan is a low, single payment loan customers repay when they receive their next paychecks. Payday loan amounts typically range from \$100 to \$500, with interest rates routinely between 390 and 700 percent, according to a recent study from the George Washington University School of Business.

"We just went through a two-year economic crisis driven by problems in the subprime lending market," City Councilman Brian Meyer said. "These businesses are the worst of the worst subprime lenders. They set up in neighborhoods and bring them down."

Payday loan industry officials argue the service provides valuable credit to cash-strapped customers in unexpected, difficult financial situations. **No one spoke in support of payday loan stores or pawn shops at today's council meeting.**

**Word that a large pawn and loan chain could set up shop on Merle Hay Road and Southeast 14th Street prompted the special council meeting, although regulations have been under consideration for at least six months.**

The possible opening of a pawn and loan shop at the southeast corner of Merle Hay and Douglas Avenue motivated developer Rich Eychaner to support the moratorium. Eychaner has spent about \$8 million to redevelop properties along Merle Hay Road over the past 20 years, he said. **Having a pawn and payday loan outfit set up in the area would discourage quality tenants from renting in his buildings, Eychaner told the council.**

"It would make me wonder why I'd want to invest more money in the neighborhood" if the city and others didn't do their part to improve the area, he said.



# FW Councilwoman Opposes Change for Pawnshops

City Council considers doing away with two-year rule for pawnshops

By ASHANTI BLAIZE

Updated 11:00 PM CST, Wed, Jan 27, 2010



Getty Images

The Fort Worth City Council is considering a proposal that would ease restrictions on pawn shops in the city, but one councilwoman says Cowtown doesn't need more pawn shops.

As it stands now, pawn shops and payday lenders that go out of business for two years or more cannot reopen in the same location. But a proposal would do away with the two-year rule for pawnshops.

City Councilwoman Kathleen Hicks said she is opposed to the change, saying there are already more than enough pawnshops in her district.

"We have two banks in an area that has thousands of people," Hicks said. "And yet we have a myriad of these financial institutions that can really set people back."

Pawn Shop Restrictions



## WATCH

### Pawn Shop Restrictions

The original ordinance was intended to reduce the number of businesses the City Council deemed a potential negative impact on neighboring residential areas, such as pawnshops, payday-lending operations, tattoo parlors and massage parlors.

"I am fearful that if we change it for this one business, there will be many others," Hicks said.

Residents such as Yahaira Bettancourt are in agreement.

"There's like six," Bettancourt said. "There's a couple of them right there down the street."

But some who live in Hicks' district say tough economic times mean more and more people are frequenting businesses such as pawn shops -- and that more of them wouldn't necessarily be a bad thing.

"We had a real tough time last year, and I ended up having to pawn everything," Eva Chacon said.

"Some people don't have money or funds so they would like to pawn their stuff and get some extra money out, so I think it would be a good idea to have more around," Yahaira Bettancourt said.

Hicks said she just wants to keep the current ordinance in place.

"I'm not saying that pawn shops need to go away," she said. "I'm just saying, 'Why fix it if it's not broken?'"

State Sen. Wendy Davis also sent the Fort Worth City Council a letter asking it to table the issue until the state legislators can discuss strengthening regulations against pawn shops and payday lenders in the next legislative session.

First Published: Jan 27, 2010 8:05 PM CST

- **Overview**

Making a quick buck will never go out of style. Pawn shops offer consumers a quick way to obtain a loan or make money from discarded items. Pawn shops do provide a valuable service even though they often get a bad reputation for being overpriced. If you realize a need in your community or you think you can provide a better service, starting a pawn shop could prove lucrative.

- **Business Plan**

Starting a pawn shop requires at least \$100,000 in capital. In order to assess the exact amount, first establish your anticipated expenses and expected annual gross revenue. Research other pawn shops online as a source of information. In addition to licenses, permits and insurance, you'll need display cases, accounting software, a computer, inventory, utilities, storefront, back room, security system, qualified assistance and upfront capital for customer loans. Get your finances in order and determine what capital you will use, such as a personal loan, small business administration loan or an investor.

- **Location**

Pawn shops must adhere to minimum distance requirements, such as from schools and other establishments. Contact your city's planning department prior to selecting a location for your shop. Check the City of Houston's "Getting Started Packet" at [houstontx.gov](http://houstontx.gov) for contact information. If possible, consider moving into an old pawn shop in a safe neighborhood to minimize the need for zoning approval and additional permits. Be sure that the lease is relatively flexible, in the event that you do not get approved for your pawnbroker's license, you don't want to be stuck with a lease. Then contact your insurance provider to purchase a general liability and fire insurance policy.

- **Licensing**

Pawnbrokers are regulated by the state and have licensing requirements. Establish the shop as a limited liability company and register it with your secretary of state. You will need a sales tax permit, a federal tax identification from the IRS and a Federal Firearms License from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) if you intend to sell guns. Visit the Texas Office of Consumer Credit Commissioner website to obtain a pawnshop licensing kit and check the ATF website for a firearms application kit.

- **Documentation**

The state of Texas requires a number of documents to evaluate your financial character and examine your background. In addition to providing a personal affidavit, statement of experience, your employment history and a personal questionnaire, you will need to submit to a background check and fingerprinting along with financial statements detailing your assets and net worth. Hire a certified accountant to help with your financial statements. Get fingerprinted at your local police department.

- **Gain Skills, Inventory**

Learn how to assess the value of goods. The online auction site EBay is a good source for learning the value of used items. Taking note of what other pawn shops pay and sell goods for can also give you great insight. Stock your shop with goods found at flea markets, thrift stores

and garage sales. Craigslist.org is another invaluable website where you can obtain electronics, furniture and equipment cheaply. Just be certain to hire someone who can fix electronics.

- **Operations, Advertising**

Develop contracts for your customers that detail the rates, description of the product, loan duration, item-hold agreements, interest rates and what to do in the event that the item is lost or damaged. Keep your storefront clean and your shop free of clutter. Discourage loiterers. Implement background checks on your employees and install a surveillance system. Involve yourself in the community as a way to shed the negative image often ascribed to pawn shops. Advertise your business.

### **References & Resources**

- **State of Texas Pawn Shop Checklist**
- **City of Houston: One Stop Business Center Getting Started Packet** — NO LONGER AVAILABLE
- **State of Texas Pawn Shop Licensing Kit**
- **State of Texas: Pawn Shop Facts**
- **ATFL How to Become a FFL**

- **About the Author**

Shanika Chapman has been writing business-related articles for more than two years. She holds a Bachelor of Science in social science from the University of Maryland University College. Chapman also served for four years in the Air Force. She's run a successful business for three years.

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- **Steps for Starting a Small Business**



# High-profile bust puts pawnbrokers on the defensive

They all know the stereotype: the sleazy pawnshop owner who knowingly buys stolen goods without question and later resells them at a handsome...

By Christine Clarridge **Seattle Times** staff reporter

They all know the stereotype: the sleazy pawnshop owner who knowingly buys stolen goods without question and later resells them at a handsome profit.

For Seattle-area pawnbrokers, the high-profile bust announced earlier this week of a Seattle pawnshop owner, his daughter and her husband for allegedly fencing stolen items and directing drug addicts to steal for them doesn't help the reputation of a business already shrouded in stigma.

But several area pawnshop owners say they work hard to be aboveboard and to shake the negative stereotypes.

"It's awfully dumb for us to take something we think is stolen, because then the police will come and take it [as evidence]," said Brian Lurie, the owner of the Yuppie Pawn Shop in Kirkland. "And the last thing we want is a cop walking into the store and taking our stuff."

Lurie said that dealing in stolen goods is riskier than ever in the age of computers and national databases.

Nonetheless, pawnbrokers have frequently found themselves the focus of police attention. Because thieves and drug addicts looking for a quick buck often turn to pawnshops to sell stolen goods, police in many cities keep close tabs on such businesses.

## Database is checked

Seattle police, like law-enforcement agencies elsewhere, require pawnshops to record the identities of the people with whom they deal, as well as the make, model and serial numbers of items that are pawned. That information is turned over to police or downloaded into a national database where it is checked against stolen property, police said.

There are 17 registered pawnshops in Seattle, each of which may record as many as 100 transactions a day, police said. Pawnshops work like this: People who need quick cash bring in items that the pawnshop either buys outright or agrees to hold as collateral in exchange for a loan that expires at a specified time. At the end of that time, the person can come in and reclaim the item by paying back the loan with interest or they can refinance the loan. If they do not return, the pawnshop can sell the item.

Seattle police say they lack the personnel to oversee every transaction and rely to some degree on the integrity of the pawnbrokers.

## "No buy" list, intuition

Most brokers say they heed the "no buy" list distributed by police that carries the names of people who have been convicted of theft, burglary and other property crimes in the area.

Brokers also rely heavily on intuition, Lurie said.

"There are things that just don't feel right," said Lurie, who says he turns away eight out of 10 people who proffer him goods. "For example, there is no reason for an 18-year-old boy to have an old lady's ring."

But police and prosecutors said one local broker, Martin D. Levy, the longtime owner of Liberty Jewelry & Loan pawnshop on Pike Street, and his daughter and her husband flaunted the laws blatantly.

The state Attorney General's Office said Levy, of Mercer Island, and Leslie Calvo and Richard Calvo, of Burien, knowingly bought stolen goods from addicts and transients, then sold the items at their shop or through an eBay account.

The defendants also kept some luxury items — including Armani suits, Coach purses and one-of-a-kind blown-glass art — for themselves, police said.

"It got to the point where they would direct addicts to a particular location and tell them what they wanted," said Detective Dan Stokke, who worked for more than two years on the investigation that led to this week's charges.

### **Charges against three**

The three were charged with trafficking in stolen property, possession of stolen property, solicitation of theft, leading organized crime and money laundering in King County Superior Court.

John Wolfe, defense attorney for Richard Calvo, said his client is innocent.

"Rich Calvo and his wife and father-in-law vigorously deny the allegations contained in the charges filed yesterday," Wolfe said Friday. "They intend to defend themselves at trial and expect to be exonerated."

The owners of several nearby pawnshops, who said they had known the Levy family for years, expressed surprise and even skepticism about the criminal charges.

"They were good people as far as I knew them," said one owner who didn't want to be named.

Other pawnshop owners also expressed dismay about the effect the arrests would have on their image. Many contacted for this article didn't want to be named for fear of damaging their reputation.

Dana M. Meinecke, the executive director of the National Pawnbrokers Association, says the negative stigma attached to pawnbrokers has been difficult to overcome, but said today's store is different than portrayed in film and television.

"There are people out there that are not as honest as they should be," Meinecke said. "But there are also lawyers, doctors, law-enforcement officials and every day people that are also not as honest as they should be."

## Urban bank or bane?

County's plethora of pawnshops defend their role, though some disagree

Monday, July 23, 2007 4:11 AM

By David Conrad

THE COLUMBUS DISPATCH



Jeff Hinckley/Dispatch PHOTOS

Father-and-son team Irving Chasin, left, and Gary Chasin in front of their Uncle Sam's Pawn Shop at E. Main and 5th streets Downtown



Franklin County is home to more pawnshops and their eclectic wares than anywhere else in Ohio.

Abandoned houses slouch under heavy graffiti. Junked cars and stray cats dot nearly empty parking lots. And wandering fast-food bags seem to outnumber people along a strip of Cleveland Avenue in South Linden.

Downtown businesses are less than a mile away, but there is little sign of them in this neighborhood.

Except Uncle Sam's Pawn Shop, which advertises on five of the eight bus-stop benches.

For some, the Downtown pawnshop is a "lifesaver," offering them emergency loans they couldn't get at a bank. Others say that pawnshops exploit vulnerable neighborhoods and call the ads a "symbol of desperation" that stunts the growth of poor areas.

Franklin County is Ohio's hottest spot for pawnshops, a business that has grown from about 7,000 locations nationwide in 1988 to 11,000 today.

Franklin County has 36, more than twice as many as Cuyahoga County, which has 14, and Hamilton County, with 12.

The past three presidents of the Ohio Pawnbrokers Association said they aren't sure why Columbus has attracted so many. The presence of thrifty students from Ohio State University and an ambitious local businessman who has opened 11 Lev's Pawn Shops are possible reasons, they said.

"Personally, I think Columbus is oversaturated," said Ric Blum, who led the association from 1990 to 2000. "But if there were too many stores, then they'd be closing up, and they're not."

Pawnshops provide collateral loans -- money backed by a borrower's property -- to anyone with a state-issued ID. If the borrower doesn't make a payment for 90 days, the pawnshop can sell his item and the loan is forgiven.

The service is important, said Uncle Sam's owner Gary Chasin, because it helps people in debt find cash immediately.

"If your kids are hungry and they are shutting off your heat, we are there to help," Chasin said. His father, Irving, founded the business at 5th and E. Main streets in 1950.

Columbus police provide pawnbrokers with a list of about 500 people suspected of selling stolen goods. Some hot material slides through, but that's not generally pawnbrokers' fault, said Sgt. Richard Curry, head of the Columbus police property-recovery unit.

"I mean people steal stuff and sell it on eBay and a number of other places. Pawnshops are just one of them," he said. In Ohio, Commerce Department rules keep pawnbrokers from charging more than 5 percent interest per month, which compounds to about 80 percent a year. Nationally, pawnshops charge an average of about 20 percent a month, but even 5 percent is too much for many people, economist Ken Mayland said.

"But in principle (pawnshops) are a good thing," said Mayland, president of the Cleveland-area firm Clearview Economics. "Quite simply, they offer a form of credit to those that might otherwise not be able to tap the credit markets."

"Most pawnshop borrowers are people that are really close to the wire, where rises in gasoline prices might mean that less food is on the table," he said. "And when you're that close to the wire, there are a lot of emergencies and reasons to return to pawnshops. They aren't keeping people in debt; they are playing an important role."

Social-policy expert Matthew Fellowes disagrees, saying pawnshops can foster dependency.

"State legislatures need to give more attention to these businesses," said Fellowes, a scholar with the Brookings Institution, a research organization based in Washington, D.C. "I really do think they are having negative effects on neighborhoods, but it is just hard to document."

Some customers say pawnshops have helped them through tough times.

"A couple months ago I was in a really bad situation, financially," said Leesa Miller, 38, of the South Side. "I had nowhere else to go, and so I explained where I was coming from and gave them what I had."

Her bills became overwhelming, she said, and Uncle Sam's was the only pawnshop that offered her what she needed.



"They help so many people in this city," she said. "They are the urban bank."

Pawnshops are located primarily in low-income neighborhoods, a *Dispatch* analysis using census data found. It's also reflected by their ads in places such as South Linden.

Chasin, who calls himself the pioneer of pawnshop advertising in Ohio, spent about \$100,000 last year to market Uncle Sam's. He has radio and TV commercials, plus 31 billboards and 53 bench boards throughout central Ohio.

Townsend Price-Spratlen, a professor of urban sociology at Ohio State, worries about the effect the ads have. He said pawnshops profit from poor neighborhoods' "feelings of desperation" and then contribute to that sense by blanketing them with advertisements.



"These advertisements create a negative momentum and an environment in which positive change becomes nearly impossible," Price-Spratlen said.

Kwojo Ababio, a cafe owner and member of the South Linden Area Commission, agreed, calling the ads harmful subliminal messages in a "neighborhood that has so much potential."

Blum, who owns a pawnshop in Dayton, scoffs at this notion.

"Pawnshop advertising isn't exploiting, it's important," he said. "You're smart if you advertise across town. And would it make sense for a high-end jewelry store to advertise in a low-income neighborhood? Where would the right neighborhood for pawnshops be?"

dconrad@dispatch.com

"If there were too many stores, then they'd be closing up, and they're not."

Ric Blum  
former Ohio Pawnbrokers Association president

Vancouver, BC, Canada

SUPPORTS ITEM NO. 3  
P&E COMMITTEE AGENDA  
MARCH 14, 1996

POLICY REPORT

Building and Development

Date: March 5, 1996  
Dept. File No. VAI

TO: Standing Committee on Planning and Environment

FROM: Directors of Central Area Planning and Legal Services, in consultation with the Chief Constable, and the Director of Permits and Licenses

SUBJECT: Regulations to Limit the Location of Pawnshops and Second Hand Stores (excluding books, furniture and clothing stores)

RECOMMENDATION

- A. THAT this report be received for information;
- AND FURTHER THAT the Director of Central Area Planning, in consultation with the Chief Constable and the Directors of Legal Services and Permits and Licenses, review this report with interested members of the public and report back.
- B. THAT the Director of Central Area Planning report back on the conditions under which second hand stores and pawnshops should be permitted in the HA-2 district as part of the Gastown Land Use Plan.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS the approval of the foregoing.

COUNCIL POLICY

The City regulates the licensing of Second Hand Dealers, Pawnbrokers, and Junk Dealers (By-law No. 2807). There is no Council policy with respect to these uses.

PURPOSE

Pawnshops and second hand stores are currently permitted in all commercial districts as retail uses. This report proposes amendments to the Zoning and Development By-law and relevant Official Development Plans to limit their concentration and to limit the time period for which new development permits for these uses are issued. A companion report proposes changes to the Second Hand Dealers By-law to make it more difficult to sell stolen property in such stores.

BACKGROUND

A wide range of retail businesses are involved in the sale of used merchandise. These include dealers of second hand goods and other retailers who maintain a small inventory of used merchandise, for

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example camera stores which keep a few second hand items in trade or consignment. Generally, retailers of second-hand goods play a valuable role by providing a source of inexpensive goods, by reusing otherwise discarded merchandise, and by creating specialty retail districts, such as "Antique Row", which enhance the quality of life in the city.

The majority of these businesses operate in a legitimate and professional manner. However, a growing number of pawnshops and less-than-reputable second hand stores are believed to be actively involved in the resale of stolen goods, the most common being electronic equipment and accessories, such as computers, audio and video equipment, and compact discs. Other targets for theft and resale include bicycles, sports equipment, tools, cameras, musical instruments, and jewellery. Between September and December of 1995, the Anti-Fencing Unit recovered in excess of \$350,000 worth of stolen property from pawnshops and second hand stores.

Over a three-year period, pawnshops and second hand stores have tripled in number and have concentrated in certain areas, most notably in the Downtown Eastside where increases in property crime have been the most pronounced. There are presently forty-four such shops in the Downtown Eastside, compared with 180 shops city-wide. Thirty-two shops are concentrated within a three block section of Hastings, Pender, and connecting streets, between Abbott and Main. This represents an average of four shops per square block.

Police information indicates that much of the property theft in or near the Downtown Eastside is motivated by the relative ease by which cash to procure drugs may be obtained for stolen goods. The local concentration of pawn and second hand shops provides a convenient market for the conversion of stolen goods to cash, thereby furthering the concentration of drug activity and the incidence of property offenses. The recent proliferation of shops is due, in part, to a belief among some operators that profits may be made with impunity from the illegal sale of stolen property. This is illustrated by a recent police undercover program which found that in almost 95 percent of cases, operators who were approached with purportedly stolen goods showed wilful blindness to the fact the property had been stolen. Enforcement has been hampered by rapid turnover of goods, difficulties in obtaining evidence, and the proliferation of outlets. In addition, the City presently has limited authority to prevent the issuance of new business licenses, or to prevent the continuation of a business under the name of an associate or family member, after an existing license has been suspended.

#### DISCUSSION

The proposed zoning amendments are intended to augment the proposed amendments to the Second Hand Dealers By-law contained in a companion report dated February 27, 1996. The zoning amendments would do the following:

1. Prevent further concentrations of pawnshops and second hand stores where they are presently concentrated.



2. Prevent these uses from concentrating or proliferating in other locations. Potential problem areas may emerge outside the downtown peninsula, particularly if the City forecloses opportunities for further concentration in central areas. Some clustering of problem businesses has already occurred along Main Street north of Broadway, and on Commercial Drive.

3. Reduce concentrations over time by the gradual attrition of

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non-conforming businesses.

4. Regulate new pawnshops and second hand stores by limiting development permits to a maximum 1-year period.

As pawnshops and second hand stores are currently permitted in all retail districts, staff propose creating the following new definitions, which would be added:

"Pawnshop, means the use of premises for the retailing of goods and chattels in pawn;" and

"Second hand Store, means the use of more than 2.5 m<sup>2</sup> of floor area in premises for the retailing of a) used electronic equipment, including, but not limited to, audio or video equipment or accessories, computers, printers or fax machines, or b) two or more of the following types of used merchandise: bicycles, sports equipment, jewellery, cameras, musical equipment or tools."

As the above definition of "second hand store" differs from the definition in the Second Hand Dealers By-law, there may be some potential for confusion. However, staff propose a zoning definition which is limited to businesses selling the types of used merchandise which are typically targeted for theft and resale. The proposed zoning would not regulate second hand book stores, clothing shops or antique/second hand furniture stores. These premises would continue to be permitted to devote their entire floor area to the sale of used merchandise without falling within the "second hand store" use definition. Other kinds of retail stores (new or used) would be allowed to take out a business license to use up to 2.5 m<sup>2</sup> (approximately 25 sq.ft.) of display area to sell goods defined herein as "second hand", without falling within the "second hand store" use definition. Appendix A contains draft zoning amendments to define pawnshops and second hand stores; to add these two uses as conditional approval uses in all district schedules and official development plans where retail is currently permitted; and to limit new development permits for these uses to a one year time-limit. Development permits would have to be renewed every year, to help ensure that new stores which create negative impacts do not remain indefinitely.

Draft guidelines are proposed (Appendix B) which would set a minimum radius of 90.0 m (about 300 ft.) from other pawnshops or second hand stores in the downtown area. This could result in a maximum of about one or two stores per block. Staff will report back on the conditions under which these uses will be permitted in the HA-2 district as part of the Gastown Land Use Plan. In all other areas of the city where retail is permitted, the distancing requirement would be a 300.0 m (approx. 1,000 ft.) radius. This could result in a maximum of about one store every other block. In addition, pawnshops or second hand stores would not be permitted within a 300.0 m radius of SkyTrain stations outside the downtown peninsula to help reduce the amount of property stolen in one community and quickly transported and sold in another.

The proposed zoning amendments may have impacts on existing pawnshops and second hand stores. In areas of high concentration, expansion or significant renovation of existing stores may be precluded. Businesses which must relocate due to termination of lease or other causes may be unable to relocate in the same neighbourhood if other pawnshops or second hand businesses are located within the distance specified in the proposed Guidelines. However, the Guidelines would include specific instructions to interpret distancing requirements flexibly where existing businesses have not generated negative impacts or community complaints.

#### INDUSTRY PERSPECTIVE

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Members of the B.C. Pawnbrokers Association are concerned about potential hardship to existing legitimate pawnshops and second-hand stores. In particular, where an existing lease is terminated, the Association feels it may be difficult to relocate in the same area if other pawnshops and second hand stores are located within the minimum distance specified in the proposed guidelines. It has been suggested that the recent proliferation of businesses has been mainly second hand stores, and that therefore the proposed minimum distance should apply between pawnshops, but not between a pawnshop and a second hand store. The Association opposes defining a minimum radius around SkyTrain stations, as their customers are primarily public transit users.

#### SOCIAL IMPLICATIONS AND IMPLICATIONS FOR CHILDREN

The proposals in this report will help reduce the negative impacts of concentrations of pawnshops and second hand stores by limiting opportunities to sell stolen property and thereby reducing localized rates of theft and illegal drug transactions. Because it will be more difficult to exchange stolen items for money, the proposed regulations may also help dissuade some young people from participating in these kinds of crimes.

#### DEVELOPMENT APPLICATION IMPLICATIONS

The proposed new definitions and introduction of additional conditional approval uses with time-limited permits represents further incremental complexity in our land-use regulations with additional administrative/staffing workload in both initially processing new conditional approval development applications and subsequent applications for renewal of the time-limited approvals granted. As with most previous amendments, the incremental complexity and workload are marginal; however, the cumulative effects are significant and indicative of the historical growth in land use and development regulations that have created many of the problems the City is currently experiencing in land use administration.

#### CONCLUSION

The proposals in this report have been discussed with the B.C. Pawnbrokers Association and some groups in the downtown (see Appendix 'C'). Because of its city-wide implications and potential impacts on other retail uses, this report should be discussed with interested groups and individuals throughout the city prior to the proposed zoning amendments being referred to public hearing.



\* \* \* \* \*

APPENDIX A  
PAGE 1 OF 2PROPOSED AMENDMENTS TO THE ZONING AND DEVELOPMENT,  
OFFICIAL DEVELOPMENT PLAN AND PARKING BY-LAWS  
TO REGULATE PAWNSHOPS AND SECOND HAND STORES

## 1. TO ADD DEFINITIONS FOR PAWNSHOP AND SECOND HAND STORE

- (a) Amend Section 2 of the Zoning and Development By-Law by inserting after the definition for "Neighbourhood Grocery Store" the following new term and definition:

"Pawnshop, means the use of premises for the retailing of goods and chattels in pawn.";

- (b) Amend Section 2 by inserting after the definition for "Retail Store" the following new term and definition:

"Second Hand Store, means the use of more than 2.5 m<sup>2</sup> of floor area in premises for the retailing of a) used electronic equipment, including, but not limited to, audio or video equipment or accessories, computers, printers or fax machines, or b) two or more of the following types of used merchandise: bicycles, sports equipment, jewellery, cameras, musical equipment or tools.";

- (c) Amend Section 2 (definition of Retail Store) as follows:  
(Deleted text struck out. New text in italics.)

"Retail Store, which means the use of premises for the retailing or renting of merchandise including that which is manufactured on the premises, provided the total floor area in manufacturing use does not exceed 300 m<sup>2</sup>, but does not include any retail use otherwise listed in this section 2 or included in a Manufacturing Use, a Wholesale Use, or an Adult Retail Store; an Adult Retail Store, a Pawnshop, or a Second Hand Store;"

APPENDIX A  
PAGE 2 OF 2

## 2. TO LIMIT THE SALE OF SECOND HAND MERCHANDISE IN RETAIL STORES.

Amend Section 10 of the Zoning and Development By-law by adding:

"10.22.2 Any retail store shall be permitted to use up to a maximum of 2.5 m<sup>2</sup> of floor area of premises for the retailing of a) used electronic equipment, including, but not limited to, audio or video equipment or accessories, computers, printers or fax machines, or b) two or more of the following types of used merchandise: bicycles, sports equipment, jewellery, cameras, musical equipment or tools; provided that this floor area shall be clearly demarcated and readily visible and accessible to the public."

## 3. TO TIME-LIMIT DEVELOPMENT PERMITS FOR PAWNSHOPS AND SECOND HAND STORES

Amend Section 10 of the Zoning and Development By-law by adding the following new regulation:

"10.30 Pawnshop and Second Hand Store

10.30.1 ~~Any development permit issued for a pawnshop or second hand store shall be limited in time to one year."~~

4. TO ADD PAWNSHOP AND SECOND HAND STORE AS A CONDITIONAL USE IN ALL C DISTRICTS, FM-1, FC-1, ALL HA DISTRICTS AND FCCDD, DD, CWD, AND DEOD.

5. TO ADD PARKING STANDARDS FOR PAWNSHOPS AND SECOND HAND STORES.

APPENDIX B

**DRAFT PAWNSHOP AND SECOND HAND STORE GUIDELINES**

1. APPLICATION AND INTENT

These guidelines are to be used for development applications involving pawnshops and second hand stores, including any redevelopment of the premises.

2. **LOCATIONAL CONSIDERATIONS**

(a) A pawnshop or second hand store in DD, DEOD, HA-1, HA-1A, HA-2, HA-3, FC-1, FCCDD, CWD and BCPED, should not be located within a 90.0 m radius of an existing pawnshop or second hand store.

(b) A pawnshop or second hand store in all other zones should not be located within a 300.0 m radius of an existing pawnshop or second hand store, or within a 300.0 m radius of a SkyTrain station outside of the downtown peninsula.

(c) Where an existing pawnshop or second hand store wishes to relocate at a distance from another pawnshop or second hand store which is less than that specified in (a) or (b) above, the lesser distance should not be considered where negative impacts of the existing business is evidenced by complaints from the public, police reports, or other sources; where there have been no significant impacts, a lesser distance may be considered where strict interpretation of these guidelines would cause undue hardship.

APPENDIX C

PRELIMINARY COMMUNITY COMMENT

In preliminary discussions, residents in the Downtown Eastside have expressed concern about the concentration of second hand stores and pawnshops in their community. They would like to see no new stores and stricter enforcement of existing stores. ~~It has been suggested that new licenses only be issued to non-profit societies.~~ In addition, it has been proposed that second hand stores be required to withhold payment to sellers for a minimum 30-day period. The intent of this requirement would be to reduce the supply of readily available cash which sustains illegal drug purchases from the sale of stolen goods.

Members of the Gastown Historic Area Planning Committee (GHAPC) have commented that pawnshops serve a valuable purpose for Downtown Eastside

residents and others, and that legitimate pawnshop operators should not be impacted by the proposed zoning amendments. They feel that more, rather than less, competition would eliminate the undesirable operators. A particular concern has been expressed regarding the proposed one year development permit for new pawnshops and second hand stores, which it is feared would make bank financing unlikely for new businesses of this nature, whether or not they are legitimate. GHAPC members have expressed scepticism as to whether zoning is the appropriate mechanism by which to reduce crime. They believe the problem is not the spacing between the shops, but rather lack of effective enforcement mechanisms. Members are also concerned that the proposed zoning and guideline amendments could encourage problem establishments to locate on Water Street, on which only one pawnshop is presently located. Suggestions for enforcement include limiting the hours of operation for offending businesses, and charging higher licensing fees to fund annual audits. Committee members suggested that the City should find a way to terminate an existing non-conforming land use upon revocation of the business license for that address.