

## CHAPTER 16

### PAWNBROKING LAW REGULATIONS

#### Authority

N.J.S.A. 17:1-15(e) and 45:22-11 et seq.

#### Source and Effective Date

R.2006 d.408, effective October 26, 2006.  
See: 38 N.J.R. 2771(a), 38 N.J.R. 5009(b).

#### Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 16, Pawnbroking Law Regulations, expires on October 26, 2013. See: 43 N.J.R. 1203(a).

#### Chapter Historical Note

Chapter 16, Pawnbroking Law Regulations, was adopted and became effective prior to September 1, 1969.

Pursuant to Executive Order No. 66(1978), Chapter 16, Pawnbroking Law Regulations, expired on June 18, 1995.

Chapter 16, Pawnbroking Law Regulations, was adopted as R.1995 d.655, effective December 18, 1995. See: 27 N.J.R. 3655(a), 27 N.J.R. 5011(a).

Chapter 16, Pawnbroking Law Regulations, was repealed and a new Chapter 16, Pawnbroking Law Regulations, was adopted as R.1996 d.261, effective June 3, 1996. See: 28 N.J.R. 1095(a), 28 N.J.R. 2837(a).

Pursuant to Executive Order No. 66(1978), Chapter 16, Pawnbroking Law Regulations, was readopted as R.2001 d.213, effective June 3, 2001. See: 33 N.J.R. 930(a), 33 N.J.R. 2279(a).

Chapter 16, Pawnbroking Law Regulations, was readopted as R.2006 d.408, effective October 26, 2006. As a part of R.2006 d.408, Subchapter 2, Conduct of Business; Recordkeeping, was renamed Conduct of Business; Recordkeeping; Examinations, effective December 4, 2006. See: Source and Effective Date. See, also, section annotations.

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#### SUBCHAPTER 1. GENERAL PROVISIONS

##### 3:16-1.1 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Act” means the Pawnbroker Act, N.J.S.A. 45:22-1 et seq.

“Commercially reasonable manner” means that display and sale of goods shall be made in keeping with prevailing trade practices among reputable and responsible business and commercial enterprises engaged in the same or similar businesses.

“Commissioner” means the Commissioner of the New Jersey Department of Banking and Insurance.

“Department” means the New Jersey Department of Banking and Insurance.

“Licensee” means a licensee under the Act.

“Substantial stockholder” means any person who beneficially owns or controls more than 10 percent of the outstanding voting shares of an applicant or a licensee.

“Unredeemed pledge” means an item of personal property on which the licensee has loaned a sum of money to a pledgor for a specified time period, and which, after proper notice, the pledgor has failed to redeem.

Amended by R.2001 d.213, effective July 2, 2001.  
See: 33 N.J.R. 930(a), 33 N.J.R. 2279(a).

##### 3:16-1.2 Licensing

(a) No person shall engage in the business of a pawnbroker in this State without first obtaining a license.

(b) A person is engaged in the business of a pawnbroker if such person:

1. Advertises, causes to be advertised, solicits, negotiates, offers to make or makes a loan on deposit or pledge of personal property;

2. Does business as a furniture storage warehouseman and lends money on goods, wares or merchandise pledged or deposited as collateral security; or

3. Purchases property on condition of selling it back at a stipulated price.

(c) No applicant for a license shall commence pawnbroker operations until a license has been issued by the Department.

(d) An applicant for a license shall apply on a form supplied by the Commissioner, which shall require the following information:

1. The full name and residence address of each owner, substantial stockholder, officer, director, member, partner and manager of the business to be licensed;
2. The location of the place or places of business;
3. The application fee of \$500.00;
4. A statement of net worth;
5. An original surety bond as required by this subchapter;
6. A copy of the insurance policy as required by this subchapter;
7. For corporate applicants, a copy of the certificate of incorporation showing the filing or recording stamp of the New Jersey Department of the Treasury, Division of Revenue, and identifying the registered agent for service of process; and
8. Any other information or supporting documentation which the Commissioner may require.

(e) Application fees are not refundable.

Amended by R.2001 d.213, effective July 2, 2001.  
See: 33 N.J.R. 930(a), 33 N.J.R. 2279(a).

In (d)3, inserted "of \$400.00"; in (d)7, substituted "Department of the Treasury, Division of Revenue" for "Secretary of State".  
Amended by R.2006 d.235, effective June 19, 2006.  
See: 38 N.J.R. 10(a), 38 N.J.R. 2674(a).

In (d)3, substituted "application" for "license" and "\$500.00" for "\$400.00"; and added "(e)".

Amended by R.2006 d.408, effective December 4, 2006.  
See: 38 N.J.R. 2771(a), 38 N.J.R. 5009(b).

In (d)1, inserted "member,".

### 3:16-1.3 Posting requirements

The licensee shall post and at all times display in a conspicuous place on the premises the license and the schedule of fees to be charged. The fee schedule shall be printed in bold type, in both English and Spanish, except where the Department deems it necessary that a different or additional language be used.

### 3:16-1.4 Surety bond

(a) An applicant shall file with the Commissioner a surety bond in the amount of \$1,000 for each place of business in this State. The surety bond shall be obtained from an insurance company authorized to do business in New Jersey.

(b) The bond shall run to the State, pro rata, for the benefit of the Department and for the benefit of all consumers injured by the wrongful act, omission, default, fraud or misrepresentation

of the pawnbroker in the course of activity as a licensee. The bond shall not be payable for claims made by business creditors.

### 3:16-1.5 Insurance

(a) A licensee shall maintain adequate fire and liability insurance to cover any pledge in the event of loss by fire, theft, burglary or otherwise, or his liability to the pledgor resulting from the licensee's failure to exercise reasonable care. The burden of proof to establish reasonable care shall be on the pawnbroker.

(b) A licensee shall include a statement, printed on every pledge ticket, which informs the pledgor that the licensee's insurance may not cover the replacement value of the pledged article.

### 3:16-1.6 Change of location; change of name

A licensee shall notify the Commissioner in writing of a change in name or the location of any licensed place of business, at least 10 days prior to the move or name change.

## SUBCHAPTER 2. CONDUCT OF BUSINESS; RECORDKEEPING; EXAMINATIONS

### 3:16-2.1 Recordkeeping; reporting

(a) In addition to the records required to be maintained by the Act, a licensee shall maintain a cash book and general ledger. The cash book shall be a record of each amount paid out and the purpose for which it was paid, and each amount received and on what account it was received. The cash book shall be balanced daily.

(b) A licensee shall file an annual report with the Commissioner on or before March 1 of every year on a form supplied by the Commissioner. The annual report shall supply the following:

1. The number and amount of loans made during the preceding year;
2. The range of interest rates charged;
3. The number of pledges redeemed;
4. The number of pledges unredeemed;
5. The date(s) of sales of unredeemed pledges;
6. The number of pledges sold at each public auction;
7. The number of pledges sold at each private sale;
8. The number of purchases made during the preceding year at public auction;
9. The number of purchases made during the preceding year on condition of resale at a stipulated price;