

## CHAPTER 16

## PAWNBROKING LAW REGULATIONS

## Authority

Unless otherwise expressly noted, all provisions of this Chapter 16 were adopted by the Commissioner of Banking, pursuant to authority delegated at N.J.S.A. 45:22-11.

## Executive Order No. 66(1978) Expiration Date

Chapter 16, Pawnbroking Law Regulations, expires on June 18, 1995.

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## SUBCHAPTER 1. GENERAL LICENSEE REQUIREMENTS

**3:16-1.1 Use of "bank" or reference to Department prohibited**

(a) A pawnbroker is prohibited from using on his stationery, records, forms, literature, or any advertising matter, the words "bank", "banking", "industrial bank", "industrial banking", or any other kind of bank or banking, or any other words that might give rise to any possible inference that such pawnbroker is in any sense a bank or is doing a banking business.

(b) A pawnbroker is also prohibited from making any representation to the effect that such pawnbroker is under the supervision of the Department. These prohibitions extend not only to matters written or printed, but also to any communication whether by personal conference, telephone, radio or television.

(c) Each pawnbroker shall forbid and take immediate steps to effectually repress any and all of its agents, employ-

ees, salesmen, sales agencies, sales distributors, fiscal agencies, or any person, firm or corporation engaged in selling or advertising its stock for sale, from using such or similar words or representations or any of them as an inducement to the sale of the stock of such pawnbroker.

## Statutory References

N.J.S.A. 45:22-2

**3:16-1.2 Misleading advertising**

No licensee shall directly or indirectly advertise in a manner calculated to mislead the public.

## Statutory References

N.J.S.A. 45:22-2

**3:16-1.3 Surety bond**

The surety bond shall be obtained from an insurance company authorized to do business in this State.

## Statutory References

N.J.S.A. 45:22-7

**3:16-1.4 Reporting of suits**

All licensees shall make a report to the Commissioner, in writing, of every suit brought upon any bond given by such licensee, not later than ten days from the return day of the writ or other process by which suit or action was commenced, which report shall set forth the ad damnum of the writ and the names and residences of the parties to such suit, the court in which it was brought and the docket number, if any. If such suit was not duly entered in such court, such fact shall be stated, and upon any late entry of such suit notice, in writing, shall be sent by such licensee to the Commissioner within 24 hours of such late entry. When any such suit is finally disposed of, either by judgment or decree, or order of the court, or by settlement, such licensee shall, within 24 hours, give notice to the Commissioner, in writing, setting forth the result of such suit or settlement, and the amount and terms of such judgment, order or decree, and the terms of such settlement, and the amount of money or other consideration given or promised.

## Statutory References

N.J.S.A. 45:22-7

**3:16-1.5 Location of office or place of business**

No licensee shall transact or solicit business under any other name or at any other place than that named in the license. No more than one office or place of business shall be maintained under the same license.

## Statutory References

N.J.S.A. 45:22-9

## SUBCHAPTER 2. MAKING LOANS; DISPOSITION OF UNREDEEMED PLEDGES

**3:16-2.1 Service charges**

(a) On loans secured by the pledge of articles, a service charge may be levied to equal eight percent of the amount of a loan, but such service charge shall not exceed \$3.00.

(b) Such service charges shall only be levied once in any 12-month period.

(c) When any of the foregoing service charges are levied, it shall be done with full knowledge and consent of the pledger.

Amended by R.1974 d.7, effective January 11, 1974.

See: 5 N.J.R. 403(a), 6 N.J.R. 51(a).

Amended by R.1991 d.426, effective August 19, 1991.

See: 23 N.J.R. 1729(b), 23 N.J.R. 2500(b).

In (a): deleted reference to "rings, watches and other jewelry items" and increased service charge limitation from \$1.50 to \$3.00.

## Statutory References

N.J.S.A. 45:22-22

**3:16-2.2 Sales**

In offering merchandise for private sale, no pawnbroker shall advertise or display such merchandise as "out of pawn", "unredeemed pledges" or any other qualification representing the article offered for sale as being an unredeemed article. Once a pledge has been disposed of at public auction it ceases to be an unredeemed pledge.

## Statutory References

N.J.S.A. 45:22-25

**3:16-2.3 Auction**

(a) When an unredeemed pledge is sold at public auction, the pledge book shall show in the column provided for redemption date, the words "sold at auction" and the date of such sale.

(b) All auctions of unredeemed pledges shall be conducted in a commercially reasonable manner.

(c) A licensee shall allow public inspection of all unredeemed pledges for at least five days after the last date of publication of the notice of auction of the pledges.

Amended by R.1990 d.302, effective June 18, 1990.

See: 22 N.J.R. 1015(a), 22 N.J.R. 1914(b).

Added requirements that sales be in a commercially reasonable manner and allowance for public inspection.

## Statutory References

N.J.S.A. 45:22-26

**3:16-2.4 Newspaper advertisements**

Copies of all newspaper advertisements of sales of unredeemed pledges must be kept by the pawnbroker in such form and manner as to be readily referred to.

## Statutory References

N.J.S.A. 45:22-26

## SUBCHAPTER 3. RECORDS AND FORMS

**3:16-3.1 Cash book and general ledger**

In addition to the books required by Section 13 of the Pawnbroking Law, a cash book and general ledger shall be kept by each pawnbroker. 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, and it shall be balanced daily.

## Statutory References

N.J.S.A. 45:22-11 and 13

**3:16-3.2 Daily reports**

A pawnbroker can be in violation of Section 34 of the Pawnbroking Law only once per business day regardless of the number of items omitted.

## Statutory References

N.J.S.A. 45:22-34