

**TITLE 20: DEPARTMENT OF COMMERCE**

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**CHAPTER 20-65**

**PAWNBROKER BUSINESS LICENSE REGULATIONS**

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Chapter Authority: 1 CMC § 2454; 4 CMC § 5651.

Chapter History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

Commission Comment: 1 CMC § 2451 originally created the Department of Commerce and Labor. 1 CMC § 2454 directs the Department to adopt rules and regulations regarding those matters over which it has jurisdiction.

Executive Order 94-3 (effective August 23, 1994) reorganized the Commonwealth government executive branch, changed agency names and official titles and effected numerous other revisions. According to Executive Order 94-3 § 103:

Section 103. Department of Commerce.

The Department of Commerce and Labor is redesignated the Department of Commerce.

The full text of Executive Order 94-3 is set forth in the commission comment to 1 CMC § 2001.

The Pawnbrokers Act of 1998, PL 11-65 (effective Feb. 19, 1999), codified at 4 CMC §§ 5641-5651, requires a pawnbroker's license to conduct business as a pawnbroker in the CNMI. The Secretary of Commerce is empowered to issue pawnbroker's licenses and to adopt rules and regulations necessary to implement the act. 4 CMC § 5651.

**Part 001 - General Provisions**

**§ 20-65-001 Definitions**

For purposes of this section:

- (a) "Applicant" means the individual or business entity applying to the Secretary of Commerce for a license.
- (b) "License" means the authority to operate a pawnshop as issued by the Secretary.
- (c) "Licensee" means the individual or business entity who has been issued a license by the Secretary.

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(d) “Pawnbroker” shall have the same meaning ascribed to that term in section 5941 of the Pawnbrokers Act of 1998 [4 CMC § 5641].

(e) “Pledger” means any person who has pledged tangible personal property as collateral for a pawn loan.

(f) “Principal party” means any officer or director of a pawnshop or a corporation that owns or seeks to own a pawnshop; any shareholder or member owning 10% or more of the outstanding stock or membership interests of a pawnshop or a business entity that owns or seeks to own a pawnshop; or any partner that is a pawnshop or that owns or seeks to own a pawnshop.

(g) “Secretary” means the Secretary of Commerce or his designee.

Modified, 1 CMC § 3806(f).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) through (g).

In subsection (d), the reference to section 5941 of the Pawnbrokers Act of 1998 is incorrect. The correct citation is to PL 11-65 § 4 (§5620), codified at 4 CMC § 5641.

### **Part 100 - Licensure Requirements**

#### **§ 20-65-101 Application for License**

(a) Requirement, where to file. Section 5642 of the Pawnbrokers Act of 1998 [4 CMC § 5642] provides that it is unlawful to operate as a pawnbroker without first obtaining a license from the Secretary of Commerce. All requests for an application package must be directed to the Banking Section, Department of Commerce, Caller Box 10007 PMB, Saipan, MP 96950. A separate license is required for each pawnshop location.

(b) Instructions, contents. An application for a license must be submitted on the form prescribed in § 20-65-145. An application for a license shall be made under oath and state the full name and address of the applicant together with any other relevant information the Secretary may require. The application shall also include a disclosure statement as to the principal parties to the license application, to include the full name and place of residence of each person involved in the ownership interests of the pawnshop, and police clearances for each employee and prospective employee (prior to employment) showing no record of crimes of false statements, dishonesty, or theft offenses.

Modified, 1 CMC § 3806(c), (f), (g).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

Commission Comment: Subsection (b) originally referenced section 6 of the Pawnbroker Business License Regulations, codified at § 20-65-140. The Commission changed the reference to section 7, codified at § 20-65-145 to correct a manifest error.

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### § 20-65-105 Standards for Licensing

Unless otherwise authorized by the Secretary, in order to be eligible to operate a pawnshop, each applicant and principal party must:

- (a) If an individual, be eighteen years of age or older; and,
- (b) Not have been convicted of a felony or of any criminal offense relating to dishonesty or breach of trust in connection with the operations of a pawnshop; and,
- (c) Possess the character and general fitness necessary to warrant belief that the business will be operated in a lawful and fair manner.

Modified, 1 CMC § 3806(f).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

### § 20-65-110 Change in Control or Form of Ownership

A license application must be filed, by the acquiring party, not less than 30 days prior to the anticipated change in control or change in the form of ownership of a pawnshop. As used in this section, “control” means a change involving the sale of a pawnshop; the addition or elimination of any general or limited partner; or a 10 percent or more change in ownership of the outstanding stock, or membership interest, of a corporation that owns a pawnshop. A change in the form of ownership is considered to be a change from one type of business entity to another type of business entity (e.g., sole proprietorship to a corporation, partnership to sole proprietorship, etc.). The license application must be submitted on the form prescribed in § 20-65-145. No change in control or form of ownership shall occur until approved by the Secretary. The Secretary may prohibit a change in control or form of ownership from occurring if the licensee does not meet the license standards set forth in § 20-65-105.

Modified, 1 CMC § 3806(c), (f), (g).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

Commission Comment: The Commission changed “an license application” to “a license application” to correct a manifest error.

This section originally referenced section 6 of the Pawnbroker Business License Regulations, codified at § 20-65-140. The Commission changed the reference to section 7, codified at § 20-65-145 to correct a manifest error.

### § 20-65-115 Gift, Bequest, Inheritance or Foreclosure

Any person who, by gift, bequest, inheritance, or foreclosure, acquires ownership rights to an existing pawnshop or ownership rights in a company that controls an existing pawnshop such that these ownership rights would constitute “control” of the pawnshop, is considered a change in control or form of ownership and requires the filing of a new license application.

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Modified, 1 CMC § 3806(f).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

### **§ 20-65-120 Change in Location**

An application to change the location of a pawnshop must be filed not less than 30 days prior to the anticipated date of relocation. The application form shall be the new license application form prescribed by the Secretary, at § 20-65-145. If the only change to the pawnshop is its location, the new application need only include: the present name and address of the licensed pawnshop, the address and phone number of the proposed new location, the anticipated date of relocation, a list of the addresses of all pledgers with open pawn loans, and a sample copy of the written notice that shall be provided to the pledgers of open pawn loans. No relocation of a pawnshop may occur until approved by the Secretary.

Modified, 1 CMC § 3806(c), (f).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

Commission Comment: This section originally referenced section 6 of the Pawnbroker Business License Regulations, codified at § 20-65-140. The Commission changed the reference to section 7, codified at § 20-65-145 to correct a manifest error.

### **§ 20-65-125 Change in Name of Pawnshop**

Prior to the change in the name of a pawnshop, the licensee shall provide written notice to the Secretary, not less than 30 days prior to the anticipated change, and pay the applicable fee, as established by the Pawnbrokers Act of 1998 [4 CMC §§ 5641-5651]. Upon receipt of the written notice and applicable fee, the Secretary shall issue a new license. At such time, the licensee must surrender its former license to the Secretary. The change in name fee is \$50.

Modified, 1 CMC § 3806(f).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

### **§ 20-65-130 Voluntary Surrender of License**

Prior to the voluntary surrender of a license, the licensee shall provide not less than 60 days written notice to the Secretary. The licensee shall also provide the Secretary names and addresses of all pledgers with open pawn loans and their last known mailing addresses, along with providing notice to the pledgers with open pawn loans in two consecutive weekly issues of a local newspaper of general circulation.

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

### **§ 20-65-135 Display of License**

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The license must be conspicuously displayed for public view at the place of business provided on the license.

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

### **§ 20-65-140 Monthly Reports; Request for Information**

(a) The licensee shall, as a condition of obtaining and renewing the pawnbroker license, file a monthly report on or before the last day of each month for the month preceding the report. If the last day of the month falls on a non-CNMI government workday (weekends, holidays, typhoon days, etc.), the report shall be due on the next CNMI government workday. In the event the report is filed after the fifth day of the month, for the month preceding the report, the licensee shall pay a late fee of \$5.00 dollars daily starting on the sixth day of the month for each day of the month which the report is late for the preceding month. The monthly report shall include the following:

- (1) Printed name and signature of the person to whom the loan is made;
- (2) Complete description of the property pledged;
- (3) The amount loaned; and,
- (4) Any other necessary information prescribed by form by the Secretary.

(b) Upon request, a licensee shall furnish or mail within 24 hours to the Department, on such forms as are provided by the Department full, true, and correct copies of the licensee's records of all requested transactions, required under 4 CMC § 5643.

Modified, 1 CMC § 3806(f).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).

### **§ 20-65-145 License Application Forms**

The Secretary or his designee shall provide for the new license application forms at no cost to all interested applicants, and current license holders.

Modified, 1 CMC § 3806(f).

History: Adopted 26 Com. Reg. 21888 (Feb. 23, 2004); Proposed 26 Com. Reg. 21623 (Jan. 22, 2004).