



Department of
Consumer Affairs

Jonathan Mintz
Commissioner

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Re: Pawnbroker Disclosures

Dear Mr. [REDACTED]

I am writing in response to your email inquiry about the requirements of pawnbroker laws and their application to receipts issued by pawnbrokers. Your email asked two questions in connection with a transaction you entered into that involved a diamond ring.

Question No. 1 asked, in pertinent part, whether it is a violation of a "Consumer Affairs Disclosure rule" for a pawnbroker not to "accurately describ[e] on the receipt the item they took possession of which indicates an improper monetary evaluation?" Sections 43 and 44 of Article 5 ("Collateral Loan Brokers") of New York State's General Business Law set forth recordkeeping requirements applicable to pawnbrokers.

Section 43 states:

Certain entries to be made in book. Every such collateral loan broker shall keep a book in which shall be fairly written, at the time of such loan, an account and description of the goods, articles or things pawned or pledged, the amount of money loaned thereon, the time of pledging the same, the rate of interest to be paid on such loan, the name and residence of the person pawning or pledging the said goods, articles or things and a notation of whether the pledgor claims to be the owner, consignee or agent of the owner.

Section 44 states, in part:

Memorandum to be given. 1. Every such collateral loan broker shall at the time of each loan deliver to the person pawning or pledging any goods, article or thing, a memorandum or note signed by him containing the substance of the entry required to



be made in his book by the last preceding section

Neither Section 43 nor Section 44 of the General Business Law requires that a pawnbroker set forth in the book or memorandum to be given the actual monetary value of the item pawned or pledged. These sections do require a pawnbroker to record an accurate description of goods that have been pawned or pledged. Therefore, if a diamond ring has been pawned or pledged, the General Business Law requires that the pawnbroker book and the memorandum to be given refer to the diamond in the description of the item.

Question No. 2 asks whether "the pawnbroker [is] required by law or by Consumer Affairs to list the full monetary value of the [pawned item]?" You asked that question in connection with a notice on the receipt given to you by a pawnbroker that purports to limit the liability of the pawnbroker to twice the amount of the pledge. There are no licensing laws that regulate or require pawnbrokers to list the full monetary value on receipts given to consumers.

Please be advised that all DCA licensees must comply with New York City's Consumer Protection Law, which provides that "[n]o person shall engage in any deceptive or unconscionable trade practice in the sale, lease, rental or loan of any consumer goods or services, or in the collection of consumer debts." Whether the limitation on liability contained in the receipt you received from the pawnbroker violates any provision of the Consumer Protection Law is a question you may wish to present to the court hearing your lawsuit.

Sincerely,

A handwritten signature in black ink, appearing to be "H. O. [unclear]". The signature is written over a solid black rectangular redaction box.

Senior Counsel