



PRIVILEGED AND CONFIDENTIAL

Jonathan Mintz  
Commissioner

August 8, 2012

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Staff Attorney  
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42 Broadway  
9th Floor  
New York, NY 10004

Re: Pawn Shop

+1 ██████████ tel

Dear Mr. ████████:

nyc.gov/consumers

You recently wrote to the New York City Department of Consumer Affairs (the "Department") about opening a pawn shop in New York City and asking whether (a) your pawn shop could obtain pawned items through the mail, and (b) you could advertise your pawn shop business online. This letter is in response to your questions.

(1) Can a licensed New York City pawn shop accept pawned items through the mail? The answer is no.

Pawnbrokers located in New York City are required to be licensed by the Department as "collateral loan brokers" pursuant New York State General Business Law (the "GBL") Section 40. Pursuant to the GBL, the license must "designate the house in which such person shall carry on said business," and a collateral loan broker cannot carry on business "in any other house than the one designated in said license." GBL Section 41.

Provisions governing the conduct of collateral loan brokers necessitate that the acceptance of pledges for a loan be done in person at the location designated in the license. For example, Section 5-226 of Title 6 of the Rules of the City of New York ("6 RCNY"), requires collateral loan brokers "to verify the identity of every person from whom he accepts any article as a pledge for a loan and to make and keep a written record of the nature of the evidence submitted by such person to prove his identity," and to "require that every person from whom he accepts an article as a pledge for a loan, sign his name in the presence of the collateral loan broker, compare the signature with the signature on the identifying document and retain on his premises the person's signature together with the number and description of the identifying document." 6 RCNY Section 5-226 (emphasis added). In order to fulfill the requirements of this provision, collateral loan brokers can only accept articles in person and not by mail.

Similarly, GBL Section 47-a makes it a violation for a collateral loan broker to "receive or purchase any goods . . . from, or make any loan . . . to any child, actually or apparently under the age of 18" (emphasis added). This statute presumes that the collateral loan broker actually interacts with the potential



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consumer in person to determine whether that consumer appears to be under the age of 18. This could not be done if the consumer sent the objects to be pawned by mail.

Likewise, New York City Administrative Code (the "Code") Section 20-277 permits the police commissioner to require a pawnbroker to record "a general description as to sex, color and apparent age of every person depositing such pledges." Again, this could not be done if the consumer sent the objects to be pawned by mail.

(2) Can a pawn shop advertise online?

A pawnbroker duly licensed by the Department may generally advertise its services through any medium, so long as it complies with the City's laws and rules. However, pawnbrokers can only advertise the sale of specific unredeemed pawns or pledges in the newspapers listed in 6 RCNY Section 5-227.

We hope this letter is of assistance.

Thank you for your inquiry.

Sincerely,

A large black rectangular redaction box covering the signature of the staff attorney.

A smaller black rectangular redaction box covering the name of the staff attorney.

Staff Attorney