

**Illinois Compiled Statutes
Financial Regulation
Pawnbroker Regulation Act
205 ILCS 510/**

(205 ILCS 510/)

(205 ILCS 510/0.01)

Sec. 0.01. Short title. This Act may be cited as the Pawnbroker Regulation Act.

(Source: P.A. 86-1324.)

(205 ILCS 510/0.05)

Sec. 0.05. Administration of Act.

(a) This Act shall be administered by the Commissioner of Banks and Real Estate who shall have all of the following powers and duties in administering this Act:

(1) To promulgate reasonable rules for the purpose of administering the provisions of this Act.

(2) To issue orders for the purpose of administering the provisions of this Act and any rule promulgated in accordance with this Act.

(3) To appoint hearing officers and to hire employees or to contract with appropriate persons to execute any of the powers granted to the Commissioner under this Section for the purpose of administering this Act and any rule promulgated in accordance with this Act.

(4) To subpoena witnesses, to compel their attendance, to administer an oath, to examine any person under oath, and to require the production of any relevant books, papers, accounts, and documents in the course of and pursuant to any investigation being conducted, or any action being taken, by the Commissioner in respect of any matter relating to the duties imposed upon, or the powers vested in, the Commissioner under the provisions of this Act or any rule promulgated in accordance with this Act.

(5) To conduct hearings.

(6) To impose civil penalties graduated up to \$1,000 against any person for each violation of any provision of this Act, any rule promulgated in accordance with this Act, or any order of the Commissioner based upon the seriousness of the violation.

(6.5) To initiate, through the Attorney General, injunction proceedings whenever it appears to the Commissioner that any person, whether licensed under this Act or not, is engaged or about to engage in an act or practice that constitutes or will constitute a violation of this Act or any rule prescribed under the authority of this Act. The Commissioner may, in his or her discretion, through the Attorney General, apply for an injunction, and upon a proper showing, any circuit court may enter a permanent or preliminary injunction or a temporary restraining order without bond to enforce this Act in addition to the penalties and other remedies provided for in this Act.

(7) To issue a cease and desist order and, for violations of this Act, any order issued by the Commissioner pursuant to this Act, any rule promulgated in accordance with this Act, or any other

applicable law in connection with the operation of a pawnshop, to suspend a license issued under this Act for up to 30 days.

(8) To determine compliance with applicable law and rules related to the operation of pawnshops and to verify the accuracy of reports filed with the Commissioner, the Commissioner, not more than one time every 2 years, may, but is not required to, conduct a routine examination of a pawnshop, and in addition, the Commissioner may examine the affairs of any pawnshop at any time if the Commissioner has reasonable cause to believe that unlawful or fraudulent activity is occurring, or has occurred, therein.

(9) In response to a complaint, to address any inquiries to any pawnshop in relation to its affairs, and it shall be the duty of the pawnshop to promptly reply in writing to such inquiries. The Commissioner may also require reports or information from any pawnshop at any time the Commissioner may deem desirable.

(10) To revoke a license issued under this Act if the Commissioner determines that (a) a licensee has been convicted of a felony in connection with the operations of a pawnshop; (b) a licensee knowingly, recklessly, or continuously violated this Act, a rule promulgated in accordance with this Act, or any order of the Commissioner; (c) a fact or condition exists that, if it had existed or had been known at the time of the original application, would have justified license refusal; or (d) the licensee knowingly submits materially false or misleading documents with the intent to deceive the Commissioner or any other party.

(11) Following license revocation, to take possession and control of a pawnshop for the purpose of examination,

reorganization, or liquidation through receivership and to appoint a receiver, which may be the Commissioner, a pawnshop, or another suitable person.

(b) After consultation with local law enforcement officers, the Attorney General, and the industry, the Commissioner may by rule require that pawnbrokers operate video camera surveillance systems to record photographic representations of customers and retain the tapes produced for up to 30 days.

(c) Pursuant to rule, the Commissioner shall issue licenses on an annual or multi-year basis for operating a pawnshop. Any person currently operating or who has operated a pawnshop in this State during the 2 years preceding the effective date of this amendatory Act of 1997 shall be issued a license upon payment of the fee required under this Act. New applicants shall meet standards for a license as established by the Commissioner. Except with the prior written consent of the Commissioner, no individual, either a new applicant or a person currently operating a pawnshop, may be issued a license to operate a pawnshop if the individual has 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. The Commissioner shall establish license fees. The fees shall not exceed the amount reasonably required for administration of this Act. It shall be unlawful to operate a pawnshop without a license issued by the Commissioner.

(d) In addition to license fees, the Commissioner may, by rule, establish fees in connection with a review, approval, or provision of a service, and levy a reasonable charge to recover the cost of the review, approval, or service (such as a change in control, change in location,

or renewal of a license). The Commissioner may also levy a reasonable charge to recover the cost of an examination if the Commissioner determines that unlawful or fraudulent activity has occurred. The Commissioner may require payment of the fees and charges provided in this Act by certified check, money order, an electronic transfer of funds, or an automatic debit of an account.

(e) The Pawnbroker Regulation Fund is established as a special fund in the State treasury. Moneys collected under this Act shall be deposited into the Fund and used for the administration of this Act. In the event that General Revenue Funds are appropriated to the Office of the Commissioner of Banks and Real Estate for the initial implementation of this Act, the Governor may direct the repayment from the Pawnbroker Regulation Fund to the General Revenue Fund of such advance in an amount not to exceed \$30,000. The Governor may direct this interfund transfer at such time as he deems appropriate by giving appropriate written notice.

(f) The Commissioner may, by rule, require all pawnshops to provide for the expenses that would arise from the administration of the receivership of a pawnshop under this Act through the assessment of fees, the requirement to pledge surety bonds, or such other methods as determined by the Commissioner.

(g) All final administrative decisions of the Commissioner under this Act shall be subject to judicial review pursuant to the provisions of the Administrative Review Law. For matters involving administrative review, venue shall be in either Sangamon County or Cook County.

(Source: P.A. 92-215, eff. 8-2-01.)

(205 ILCS 510/1)

Sec. 1. Every individual or business entity which lends money on the deposit or pledge of physically delivered personal property, other than property the ownership of which is subject to a legal dispute, securities, printed evidence of indebtedness or printed evidence of ownership of the personal property, or who deals in the purchase of such property on the condition of selling the property back again at a stipulated price, shall be held and is hereby declared and defined to be a pawnbroker. The business of a pawnbroker does not include the lending of money on deposit or pledge of title to property.

(Source: P.A. 90-602, eff. 7-1-98.)

(205 ILCS 510/1.5)

Sec. 1.5. Misleading practices and names prohibited. It shall not be lawful for an individual or business entity to conduct business in this State using the word "pawn", "pawnshop", or "pawnbroker" in connection with the business or to transact business in this State in a manner which has a substantial likelihood of misleading the public by implying that the business is a pawnshop, without first obtaining a license from the Commissioner.

(Source: P.A. 90-602, eff. 7-1-98.)

(205 ILCS 510/2)

Sec. 2. It shall be unlawful for any pawnbroker to charge or collect a greater benefit or percentage upon money advanced, and for the use and forbearance thereof, than the rate of 3% per month. Nothing in this Section shall be construed so as to conflict with the law pertaining to

usury and the person receiving money so advanced may hold such moneys to pay any fees in addition to interest as herein provided.

Each pawnbroker, when making a loan under this Section, must disclose in printed form on the pawn contract the following information to the persons receiving the loan:

(1) the amount of money advanced, which must be designated as the amount financed;

(2) the maturity date of the pawn, which must be at least 30 days after the date of the pawn;

(3) the total pawn interest and service charge payable on the maturity date, which must be designated as the finance charge;

(4) the total of payments that must be paid to redeem the pledged goods on the maturity date, which must be designated as the total of payments; and

(5) the annual percentage rate, computed according to the regulations adopted by the Board of Governors of the Federal Reserve System under the Federal Truth in Lending Act.

Each pawnbroker may contract for and receive a monthly finance charge including interest and fees not to exceed one-fifth of the loan amount, as set forth herein, for appraising, investigating title, storing and insuring the collateral, closing the loan, making daily reports to local law enforcement officers including enhanced computerized reporting, complying with regulatory requirements, and for other expenses and losses of every nature whatsoever and for all other services. Such fees, when made and collected, shall not be deemed interest for any purpose of law.

(Source: P.A. 90-477, eff. 7-1-98.)

(205 ILCS 510/3)

Sec. 3. Every pawnbroker shall at all times have and keep Section 2 of this act printed in the English language and framed and posted in a prominent and conspicuous position in his place of business, so that the same shall be plainly legible and visible to all persons depositing or pledging property with such pawnbroker.

(Source: Laws 1909, p. 300.)

(205 ILCS 510/4)

Sec. 4. Every pawnbroker shall, at the time of making any advancement or loan, deliver to the person pawning or pledging any property, a memorandum, contract, or note signed by him containing an accurate account and description, in the English language, of all the goods, articles or other things pawned or pledged, the amount of money, value of things loaned thereon, the time of pledging the same, the rate of interest to be paid on the loan, the name and residence of the person making the pawn or pledge, and the amount of any fees as specified in Section 2 of this Act.

(Source: P.A. 87-802.)

(205 ILCS 510/5)

Sec. 5. Record requirements.

(a) Except in municipalities located in counties having 3,000,000 or more inhabitants, every pawn and loan broker shall keep a standard record book that has been approved by the sheriff of the county in which the pawnbroker does business. In municipalities in counties with

3,000,000 or more inhabitants, the record book shall be approved by the police department of the municipality in which the pawn or loan broker does business. At the time of each and every loan or taking of a pledge, an accurate account and description, in the English language, of all the goods, articles and other things pawned or pledged, the amount of money, value or thing loaned thereon, the time of pledging the same, the rate of interest to be paid on such loan, and the name and residence of the person making such pawn or pledge shall be printed, typed, or written in ink in the record book. Such entry shall include the serial number or identification number of items received which bear such number. Except for items purchased from dealers possessing a federal employee identification number who have provided a receipt to the pawnbroker, every pawnbroker shall also record in his book, an accurate account and description, in the English language, of all goods, articles and other things purchased or received for the purpose of resale or loan collateral by the pawnbroker from any source, not in the course of a pledge or loan, the time of such purchase or receipt and the name and address of the person or business which sold or delivered such goods, articles, or other things to the pawnbroker. No entry in such book shall be erased, mutilated or changed.

(b) Every pawnbroker shall require identification to be shown him by each person pledging or pawning any goods, articles or other things to the pawnbroker. If the identification shown is a driver's license or a State identification card issued by the Secretary of State and contains a photograph of the person being identified, only one form of identification must be shown. If the identification shown is not a driver's license or a State identification card issued by the Secretary

of State and does not contain a photograph, 2 forms of identification must be shown, and one of the 2 forms of identification must include his or her residence address. These forms of identification shall include, but not be limited to, any of the following: driver's license, social security card, utility bill, employee or student identification card, credit card, or a civic, union or professional association membership card. In addition, in a municipality with a population of 1,000,000 or more inhabitants, if the customer does not have an identification issued by a governmental entity containing a photograph of the person being identified, the pawnbroker shall photograph the customer in color and record the customer's name, residence address, date of birth, social security number, gender, height, and weight on the reverse side of the photograph. If the customer has no social security number, the pawnbroker shall record this fact.

A county or municipality, including a home rule unit, may regulate a pawnbroker's identification requirements for persons pledging or pawning goods, articles, or other things to the pawnbroker in a manner that is not less restrictive than the regulation by the State of a pawnbroker's identification requirements for persons pledging or pawning goods, articles, or other things. A home rule unit may not regulate a pawnbroker's identification requirements for persons pledging or pawning goods, articles, or other things to the pawnbroker in a manner less restrictive than the regulation by the State of a pawnbroker's identification requirements for persons pledging or pawning goods, articles, or other things. This Section is a limitation under subsection (i) of Section 6 of Article VII of the Illinois Constitution on the concurrent exercise by home rule units of the powers and functions

exercised by the State.

(c) A pawnbroker may maintain the records required by subsection (a) in computer form if the computer form has been approved by the Commissioner, the sheriff of the county in which the shop is located, and the police department of the municipality in which the shop is located.

(d) Records, including reports to the Commissioner, maintained by pawnbrokers shall be confidential, and no disclosure of pawnbroker records shall be made except disclosures authorized by this Act or ordered by a court of competent jurisdiction. No record transferred to a governmental official shall be improperly disclosed, provided that use of those records as evidence of a felony or misdemeanor shall be a proper purpose.

(e) Pawnbrokers and their associations may lawfully give appropriate governmental agencies computer equipment for the purpose of transferring information pursuant to this Act.

(Source: P.A. 91-608, eff. 8-19-99; 92-215, eff. 8-2-01.)

(205 ILCS 510/6)

Sec. 6. Inspection of records.

(a) The book or computer records, as well as every article or other thing of value so pawned or pledged, shall at all times be open to the inspection of the Commissioner, the sheriff of the county, his deputies, or any members of the police force of any city in the county in which such pawnbroker does business. In addition, the Commissioner shall be authorized to inspect the books or records of any business he or she has reasonable cause to believe is conducting pawn transactions and should

be licensed under this Act.

(b) The book or computer records, pawn tickets, or any other records required by the Commissioner under this Act or any rule promulgated in accordance with this Act shall be maintained for a period of 3 years after the date on which the record or ticket was prepared. These records and tickets shall be open to inspection of the Commissioner at all times during the 3-year period.

(Source: P.A. 92-215, eff. 8-2-01.)

(205 ILCS 510/7)

Sec. 7. Daily report.

(a) Except as provided in subsection (b), it shall be the duty of every pawnbroker to make out and deliver to the sheriff of the county in which such pawnbroker does business, on each day before the hours of 12 o'clock noon, a legible and exact copy from the standard record book, as required in Section 5 of this Act, that lists all personal property and any other valuable thing received on deposit or purchased during the preceding day, including the exact time when received or purchased, and a description of the person or person by whom left in pledge, or from whom the same were purchased; provided, that in cities or towns having 25,000 or more inhabitants, a copy of the such report shall at the same time also be delivered to the superintendent of police or the chief police officer of such city or town. Such report may be made by computer printout or input memory device if the format has been approved by the local law enforcement agency.

(b) In counties with more than 3,000,000 inhabitants, a pawnbroker must provide the daily report to the sheriff only if the pawnshop is

located in an unincorporated area of the county. Pawnbrokers located in cities or towns in such counties must deliver such reports to the superintendent of police or the chief police officer of such city or town.

(Source: P.A. 90-477, eff. 7-1-98; 90-602, eff. 7-1-98.)

(205 ILCS 510/7.5)

Sec. 7.5. Report to the Commissioner. The Commissioner, as often as the Commissioner shall deem necessary or proper, may require a pawnshop to submit a full and detailed report of its operations including, but not limited to, the number of pawns made, the amount financed on pawn transactions, and the number and amount of pawns surrendered to law enforcement.

The Commissioner shall prescribe the form of the report and establish the date by which the report must be filed.

(Source: P.A. 90-477, eff. 7-1-98; 90-602, eff. 7-1-98.)

(205 ILCS 510/8)

Sec. 8. No pawnbroker shall take or receive any pawn or pledge for any advancement or loan, any property of any kind from any minor who is under 18 years of age, or the ownership of which is in, or which is claimed by, any such minor, or which may be in the possession or under the control of any such minor.

(Source: P.A. 84-478.)

(205 ILCS 510/9)

Sec. 9. No pawnbroker shall purchase or take any article in pawn or

pledge from any person appearing to be intoxicated, nor from any person known to have been convicted of theft. A law enforcement officer may provide such criminal conviction information to a pawnbroker. When any person is found to be the owner of stolen property which has been pawned, such property shall be returned to the owner thereof without the payment of the money advanced by the pawnbroker thereon or any costs or charges of any kind which the pawnbroker may have placed upon the same.

(Source: P.A. 84-1308.)

(205 ILCS 510/10)

Sec. 10. Sale of property. No personal property received on deposit or pledge or purchased by any pawnbroker shall be sold or permitted to be redeemed or removed from the place of business of such pawnbroker for the space of 48 hours after the delivery of the copy and statement required by Section 7 of this Act required to be delivered to the officer or officers named therein. If the pawner or pledger fails to repay the loan during the period specified on the pawn ticket, the pawnbroker shall automatically extend a grace period of 30 days from the default date on the loan during which the pawnbroker shall not dispose of or sell the personal property pledged. The parties may agree to extend or renew a loan upon terms agreed upon by the parties, provided the terms comply with the requirements of this Act.

(Source: P.A. 90-477, eff. 7-1-98.)

(205 ILCS 510/11)

Sec. 11. Violations. Every person who knowingly violates the provisions of this Act shall, for the first offense, be guilty of a

Class C misdemeanor, and for each subsequent offense shall be guilty of a Class A misdemeanor, except that a person who knowingly violates this Act by operating a pawnshop without a license shall be guilty of a Class B misdemeanor for the first offense and shall be guilty of a Class A misdemeanor for any subsequent offense. This Act shall not be construed as to, in any wise, impair the power of cities or villages in this State to license, tax, regulate except as to fee amounts, suppress, and prohibit pawnbrokers as now provided by law.

(Source: P.A. 92-215, eff. 8-2-01.)