

Purpose and Findings; Implementation of Automated Reporting System.

Pawnshops and secondhand businesses provide an opportunity to sell or transfer stolen property easily and quickly. Consumer protection regulation is warranted in transactions involving these businesses. The purpose of this article is to prevent these businesses from being used to facilitate the commission of crimes and to assure that such businesses comply with basic consumer protection standards, thereby protecting the public health, safety and general welfare of the citizens and pursuant to the authority granted by Wis. Stats. Sec. 134.71.

This article also implements and establishes the required use of the automated reporting system to help the Police Department better regulate current and future pawnshops and secondhand dealers to decrease and stabilize costs associated with the regulation of pawnshops and secondhand dealers and to increase identification of criminal activities in pawnshops and secondhand dealer businesses through the timely collection and sharing of transaction information.

Research

The City has always adopted the Wisconsin Statutes sec. 134.71 regulating pawnbrokers and secondhand dealers by reference. Statutes allow a municipality to enact a standalone municipal ordinance governing pawnbrokers and secondhand dealers if that ordinance is at least as stringent as state statutes.

At the request of the Police Department, the City Clerk's Office researched and drafted the proposed ordinance using examples from the following municipal ordinances (all of whom use online reporting): Milwaukee, Madison, Eau Claire, Appleton, Sheboygan, Greenfield, New Richmond, Waukesha, Wausau, West Allis. The Legal Department has reviewed the proposed ordinance and had discussions with two of the above municipalities and finds our ordinance to be in compliance with requirements of state statutes.

On February 2, 2017, all current licensed pawnbrokers and secondhand dealers were invited to meet with the Police Department, Mayor and City Clerk's Office to discuss the proposed changes. All were provided with a copy of the proposed ordinance and were encouraged to provide feedback prior to introduction. Minimal feedback was received; all was considered in preparing the final proposed ordinance.

SUMMARY OF ORDINANCE

ARTICLE XVII. – PAWNBROKER, SECONDHAND ARTICLE DEALER, SECONDHAND JEWELRY, PRECIOUS METALS AND GEMS DEALER AND SECONDHAND ARTICLE DEALER MALL/FLEA MARKET

Sec. 2-3. – Bond.

\$2,500.00 bond with not less than 2 sureties.

DIVISION 1. - GENERALLY

Sec. 10-825. – Authority.

This ordinance is a complete standalone municipal ordinance with authority granted by Section 134.71(14) of the Wisconsin Statutes.

Sec. 10-826. - Definitions.

Added several new definitions; the biggest changes are:

Article – now means anything of value, excluding:

- motor vehicles
- large household and laundry appliances; such as refrigerators, stoves, washers and dryers.
- cookware, glassware and utensils that do not contain precious metals
- furniture and household furnishings; such as beds, tables and chairs, dressers, desks and bookcases
- postage stamps, trading cards and books

Billable transaction - every reportable transaction; with exceptions.

Consignment – no money until item is sold; do not pay on the spot.

Occasional - not more than four (4) sales during any twelve (12) month period and duration of which shall not exceed four (4) consecutive days.

Reportable transaction - transaction conducted by a dealer for which a unique transaction number or identifier is generated by their point-of-sale software and is reportable; with exceptions.

Sec. 10-827. – Recordkeeping Duties; Information Required.

Record and report transactions using electronic inventory tracking system (Leads Online).

- A complete and detailed description of item (id, serial or model number, brand name, etc.)
- Date, time and place the item of property was received.
- Detailed info, description, ID and signature of the person from whom the item was received.

Sec. 10-828. - Daily Reports to Police.

Maintain an electronic inventory tracking system (Leads Online) and submit every reportable transaction to the Police Department daily or not later than the business day following the purchase, exemptions:

- Sports equipment and memorabilia for which dealer paid \$25 or less per item.
- Clothing (other than furs), shoes and accessories for which the dealer paid \$25 or less per item.
- A secondhand article consigned to a dealer.

Sec. 10-829. - Holding Period.

Any item received by a dealer shall be held for not less than 21 days after the date of receipt, unless the lawful owner of the item redeems it; exemptions:

- A coin of the U.S. or any gold or silver coin or gold or silver bullion.
- Sports equipment and memorabilia for which dealer paid \$25 or less per item.
- Clothing (other than furs), shoes and accessories for which the dealer paid \$25 or less per item.
- A secondhand article consigned to a dealer.

Law enforcement may require items be held for longer length of time or an item may be confiscated if an item is identified as stolen or evidence in a criminal case.

Sec. 10-830. - Digital Photo Requirement; Records Required.

Color, digitized photographs are required of every item pawned or sold that does not have a unique serial or identification number permanently engraved or affixed, excluding only electronic media.

Sec. 10-831. - Restricted Purchases.

No purchase from any person under 18 years of age or from any intoxicated person.

Sec. 10-832. - Labels Required.

Must attach a label with identifying information to every item at the time it is received.

Sec. 10-833. – Business at Only One Place.

Authorized to carry on business only at the business designated on the license unless approved by Police to have an off-site locked and secured storage facility.

Sec. 10-834. – Payment.

Payments made by dealers must be by check or automated clearing house.

Sec. 10-835. – Display of License.

License shall be displayed in a conspicuous place visible to anyone entering a licensed premise.

Sec. 10-836. - License.

License is required if operating in the City of La Crosse. If a dealer is licensed in another Wisconsin municipality, exempt from a City license (unless the principal place of business is in La Crosse); however, subject to all holding and reporting requirements.

Sec. 10-837. – Application.

Filed 15 days prior to the Council meeting for granting thereof.

Sec. 10-838. – Fees.

Appendix C Fee Schedule

Pawnbroker	\$250.00
Secondhand Article Dealer	\$125.00
Secondhand Jewelry, Precious Metals and Gems Dealer	\$125.00
Secondhand Article Dealer Mall/Flea Market	\$250.00
Billable Transaction Fee	\$ 0.00

Sec. 10-839. – License period.

July 1 until the following June 30, including secondhand article dealer mall/flea market.

Sec. 10-840. – Investigation, granting and issuing license; renewal.

Background check by Police, approved by J&A and Common Council. Annual renewal.

Sec. 10-841. - Denial, suspension or revocation of license.

License may be denied, revoked or suspended if in best interest of City or applicant lacks qualifications.

Sec. 10-842. - Appeal.

Appeal to J&A, recommendation to the Council.